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COMMONWEALTH OF VIRGINIA

DEPARTMENT OF AVIATION

5702 Gulfstream Road

Richmond, Virginia 23250-2400

Virginia Aviation Board Meeting

Wednesday, June 20, 2007

9:00 A.M.

Wyndham Hotel Richmond

4700 S. Laburnum Avenue

Richmond, Virginia

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3 VAB Attendees on **June 20, 2007**

4

5 Roger L. Oberndorf, Chairman

6 Richard C. Franklin, Jr.

7 Bittle W. Porterfield, III

8 Larry T. Omps

9 Robert S. Dix

10 Marianne M. Radcliff

11 Dr. Alan W. Wagner

12

13 Other Attendees:

14 Randall Burdette, Director, Department of Aviation

15 Terry Page, FAA

16 Todd E. LePage, Senior Assistant Attorney General, Technology and
17 Transportation, Office of the Attorney General, Counsel

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20 DOAV Staff, Federal Government Representatives, Airport Managers and
21 Sponsors, Consultants, Engineers, State Government Representatives,
22 Business Owners and City and County Representatives

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1 the EAP is going to come out and how hard the VEAP is going to go.

2 Those of you not familiar with the VEAP, the Virginia
3 Enterprise Application Program, it's an initiative on the part of the Governor
4 to look at applications that can be best done at the state level and then look
5 across for some synergies, if you will, doing a single statewide program.

6 The Airport IQ is a program you've been introduced to before
7 and worked through GCR, and it's kind of the Cadillac of systems on the
8 airport side of the house. We've gotten good reviews from the community
9 on that. We're looking to do support modules that would enhance that
10 capability, which includes licensing, taxation, includes a request for
11 reimbursement, and there are a lot of things we can do with that system
12 using that database to get better service to the customer. There may be, as
13 we go through this process, the Legacy System or two that we cannot
14 automate because of either state provisions and things of that nature, and
15 we'll have to see what falls out of that envelope.

16 As far as standards, we're looking right now to look at
17 standards, the ISO Series 9000, 2001, and those are quality management
18 standards and possibly something along the lines of some type of
19 certification or the Baldrige Award criteria.

20 On the aviation side of the house, Mike Mills and his team is
21 looking right now at the ISBAO standards, International Standards of
22 Business Aircraft Operations. We've already started working with Argus to
23 look at the industry standards and best practices. We're always trying to
24 improve on what we're doing there. We're looking to raise the bar across
25 the board for the Agency.

1 On the Mission part, the education and flight services, we're
2 looking at cultivating the advanced aviation systems. We are in the process
3 right now of negotiating statewide F & E study and looking to see what the
4 needs of the Commonwealth are, where we can best invest our money to get
5 the best return on investment for the communities we serve, whether we
6 have a GPS approach or what we need to get better access.

7 Airport IQ's, we've been getting good reports from the field,
8 and we're looking to expand those capabilities. We're also looking at
9 emergency response capabilities and needs. We met with Wilbur Smith
10 Associates yesterday, and we're looking at other agencies. We're looking at
11 South Carolina and Florida's programs, the programs they've had as a result
12 of Katrina. When we have those situations, airports become a source of
13 safety and staging for the communities they serve. Number two, a source of
14 supplies and things of that nature, because when roads, bridges and
15 everything else are out, the airport becomes the lifeline. South Carolina and
16 Florida seem to be the leaders in the program, and we're looking to see
17 where we can go to get a study out on that, as far as what areas we need to
18 improve and how we're going to do our emergency response in the aviation
19 side of the house.

20 On the safety side of the house, we've had two incidents since
21 we last met. A landing gear collapsed during landing. A component to that
22 was gusty winds at the Franklin Municipal Airport May 7th and a 182 RG
23 Cessna. No injuries, fortunately. We also had an engine seized two minutes
24 after takeoff. The pilot made a safe landing in the field at the Leesburg
25 Executive Airport on May 23rd, and that was a Cessna 172. No one got

1 hurt in those.

2 Just an update, although I mentioned the last two aircrafts,
3 pretty much in 2007 single engine land has been predominant with one rotor
4 craft.

5 On the security side of the house, we're working to identify
6 private airports. Vernon and his team put out over 430 surveys. So far
7 we've confirmed 38 airport closures, 10 heliport closures. We're still
8 working on several surveys. We're working with those individuals directly
9 to see if those airports are still in operation. Closed out with us and the
10 FAA and the local communities, and we're trying to track those down.

11 Vernon and his team have mailed out the DHS Grant for
12 Security Officer Salary. We have five airports taking advantage of that
13 grant, and we're hoping to assist them in that process.

14 We've completed four more security audits, and we have three
15 more on the schedule.

16 Our next Security Advisory Committee meeting is July 16th,
17 and we have some new things to talk about there on the process.

18 Providing for Economic Development Study. We're working
19 on that, and we've made out performance measures for our agency. Instead
20 of every four to six years, we're going to make that every two years, because
21 economic conditions change, and we want to know if they're making
22 progress and how the airports are doing to serve the communities.
23 Individual packets will be available for airports. We're doing a statewide
24 study, and we'll have templates and things saying that an airport in, but we
25 can have an economic study and pull down information and download it

1 into these packets, and each airport can have an economic study of their
2 own in accordance with the various budgets.

3 Promote aviation awareness and education. August 22 to 24th
4 is our 34th Annual Virginia Aviation Conference. The title is "Change is in
5 the Air", Wyndham Hotel and Conference Center, Virginia Beach. Always
6 look forward to going back to the beach and have a great time there.

7 Late July or early August we will be releasing our DOAV
8 Annual Report. We're putting in place a standard we haven't had for quite
9 some time. So every year we'll have a promotional piece giving a summary
10 of where we are in aviation.

11 The next thing we're going to do is have an Aviation
12 Workforce Plan, and we're discussing it with VCU to determine the aviation
13 industry needs. We've seen several trade magazines and conferences and
14 things. We're having some shortages across the nation with aviation skill
15 sets, mechanics, technicians, pilots, engineers, service professions. We're
16 also seeing some challenges in those areas meeting the needs of businesses.
17 What we're going to do is take a look at what the industry needs are and see
18 what we can do to get involved in the education system making sure that we
19 promote aviation skill sets as a viable career field. We think there are some
20 opportunities across Virginia for some training centers and working at
21 various schools that are in place.

22 Finally, executive flight services for the Commonwealth
23 Leadership. New King Air 350 scheduled for delivery mid-July. The
24 forecast right now is around July 16th. That could move one way or the
25 other a little bit. It's progressing nicely, and we're looking forward to

1 having that new aircraft on the runway.

2 We have a schedule, and there is a list of things that have
3 happened since the last meeting. The Fly-in season is in the air, if you will,
4 and a lot of things going on. This gives you a rough idea of what is
5 happening. Fly-ins, safety weeks, pancake breakfasts going on all over the
6 place, Virginia Health Association. We had the Wallops Tour, and most of
7 the Board members participated in that, and we had some good reports on
8 that. The 28th of May, Virginia Beach Airport Fly-in, and that was a well-
9 attended event down there. In June there are several Fly-ins, Suffolk,
10 Danville, New London, Leesburg. On the 5th of June we met with the
11 Leesburg Board of Supervisors, the vote on the Crossfield landing has been
12 delayed. Terry and I were there. Terry, do you have anything new on that
13 since we last talked?

14 MR. PAGE: I haven't heard anything, other than
15 meetings are being set up between the developer, the city and the airport,
16 and hopefully they will take the airport's issues to heart. Until then, I think
17 the developers thought that they had this thing in the bag, and they weren't
18 willing to discuss much about the airport or anything. I think now they've
19 gotten the message, so hopefully they will take the airport into consideration
20 in their planning. I think it's just a matter of time before someone develops
21 that land close to the airport. The best we can do is protect the airport as
22 best we can.

23 MR. BURDETTE: Terry and I and Joe and our
24 team have been fighting this for quite some time. This Crossfield
25 development puts hundreds of houses on the northern border of the airport.

1 It has some fence operations, and we were able to get those curtailed. It has
2 provisions for a retirement community, a restricted community is what
3 they're calling it, right on the border as well, and that's a really bad mix.
4 We've been at this for over a year now, and we really haven't seen a lot of
5 success. We were encouraged a little bit that this went back trying to get the
6 developer to come back with some more answers. The only thing that we
7 feel has been an advantage to the Board is about a 40-acre plot they're
8 talking about proffering for Leesburg. But the problems that that is going to
9 cause having houses on the borders is a real challenge.

10 The Udvar Fly-In was conducted last week and had a record
11 turnout. Bluegrass Fly-in Flight Day at the Virginia Aviation Museum here
12 in Richmond.

13 Let me update you on upcoming events. On the 26th we have a
14 meeting with the JPDO. Sometimes I think I'm on the airports side of IPT,
15 and sometimes I'm not. We have a communication challenge, and we're
16 trying to work on that to make sure we have some representation there. I'll
17 be attending the JPDO Airport meeting on the 26th.

18 On July 4th we have Great Meadows Helicopter Display.

19 On the 19th and 20th, JCOTS Aerospace Advisory Committee
20 is going to meet, part of the Space Frontier Foundation's Annual Conference
21 in DC on the 18th to 21st of July. The web site there will give you some
22 details. Basically, that is exploring throughout the nation the aviation
23 aerospace initiatives that are going on, who are the players, what are the
24 economic opportunities, and what are some of the forecasts in the aerospace
25 industry. We want to see how we can capitalize on the wonderful Wallops

1 Island that we have.

2 On the 21st to 30th we've got Airventure in Oshkosh, we'll
3 have a display there and be going. We want to work with the various Board
4 members that want to attend.

5 On the 30th we have Richmond's Terminal Dedication. If
6 you've flown in and out of Richmond, you'll see the great work that has
7 been done there at the terminal. They're going to have a grand opening, if
8 you will.

9 On August 11th, the Tazewell Annual Air Show.

10 On the 19th, National Aviation Day (Orville Wright's
11 Birthday). There are no known events planned at that time. It will be kind
12 of a quiet celebration, if you will.

13 The 22nd to 24th, Virginia Aviation Conference in Virginia
14 Beach. Look forward to seeing you all there. We're working with a lot of
15 communities to make this happen. When you talk to people, airports give
16 the first impression and last impression, so we want to do everything we can
17 to make that impression count.

18 Mr. Chairman, any questions?

19 MR. OBERNDORF: Any questions?

20 MR. FRANKLIN: JPDO, what does that mean?

21 MR. BURDETTE: Joint Planning Development
22 Office, people who are doing the next generation system, and they're
23 responsible, as we talked before, on the funding.

24 MR. OMPS: Maybe a syllabus of all the acronyms
25 would be helpful when you give your talk.

1 MR. MCCREARY: All of the aviation groups, as
2 well as some others like NASA, DOD, Commerce, NOA, all get together on
3 one roof and try to figure out the next generation, or try to figure out.

4 MR. OBERNDORF: Thank you, Randy.

5 Next is the FAA Report, Terry Page. Washington Airports
6 Office

7 MR. PAGE: Thank you, Mr. Chairman and
8 members of the Board, members of the Department and ladies and
9 gentlemen. Good morning. I have a short report with three items to present
10 to you this morning. The first will be the status of our current year grant
11 program. Every year I'll give you a summary of what happened in the year
12 in October after our federal fiscal year is over. Usually I print out a large
13 chart like this that shows how many federal dollars in there and then give
14 you a rundown of the projects. Presenting this and showing this and
15 looking at the averages for the past five years is about \$70 million a year of
16 federal funds invested in Virginia's airports. Of that, about one-third is the
17 Entitlement Funds that go to the air carrier and GA airports, and about two-
18 thirds is Federal Discretionary Funds. On that background, I want to let you
19 know where we are so far this year. I printed out our report from our
20 computer system, and so far this year the amount of funds that have been
21 released and are in the pipeline and are ready to go to grant and in the
22 pipeline to go to the Secretary of Transportation for the announcements of
23 the Congress members or are already under grant, and that's over \$77
24 million. We're well over the average of about \$70 million for the past five
25 years. You'll probably see a year this year of \$10 million or probably \$15

1 million will get through the pipeline by the end of the year. That will be in
2 the order of 85 to 90 million dollars. That will be one of the larger years
3 we've had.

4 We've already issued grants for over \$50 million. Fifty million
5 is under grant, and the other 20 million is in the process somewhere between
6 us putting it in our computer system and Congressmen announcing the
7 sponsors getting bids in and getting the grant applications to us. We're
8 having a very strong year this year.

9 Here's the sound of the other shoe dropping. That's the
10 summary of this year. The outlook for next year is not very good. This is
11 our first warning of the sun shining, but the clouds are over the horizon.
12 The reason for that, or actually, a couple of reasons for that, we have a lot of
13 priorities in FAA to build safety areas and improve safety areas by a
14 deadline of 2015. That's the deadline that Congress actually gave us. We
15 got a head start on this in our office working with a lot of, we've been
16 working with a lot of Virginia airports, and I think the Virginia airports
17 consultants know we've been pushing this pretty hard since the late '90's.
18 Other offices have not gotten as good a head start, and now all their projects
19 are coming due. Since we've been to the trough already and gotten a lot of
20 money for these types of projects, they're just getting there, with the 2015
21 date not moving, more projects coming up that are larger, and construction
22 size projects are taking more of the money, and that's part of the problem,
23 the other projects coming due.

24 Secondly, in our New York office, which is about twice the
25 size of our office with the number of airports they manage, the size of the

1 airports and the amount of grants they normally would get, it's about twice
2 the size of our office. They haven't had a manager for about two years. A
3 manager was sick, and they've just been waiting to fill the position, and
4 they've had a hard time. To put it bluntly, we've picked their pocket for the
5 past couple of years. They have a manager there now who is planning well
6 and looking out well in advance. He's a good fellow, and he knows what
7 he's doing. Unfortunately, we're not picking his pocket anymore, because
8 he's getting in there and getting the funds he needs for his New York
9 airports. Instead of having no one up there pursuing that, we pursued it for
10 our airports, and we didn't have too much trouble getting it, but now we've
11 got somebody out there who is fighting with us for every dollar, so it's a
12 tougher fight. That's a blunt way to put it, but somebody is advocating for
13 those airports who was not advocating for them before, so it's tougher.

14 If federal funds don't increase and the needs and construction
15 costs go up also. We've seen construction costs and fuel costs, which are all
16 caused by inflation, and so forth. Total funds, federal funds for the airports,
17 3.5 billion, if it doesn't keep climbing to meet that, then that's another
18 reason. So next year could be less. When we first start seeing that, we'll
19 finalize our program for next year, coordinate with the Department and the
20 Department staff, so that when they come to the August Board meeting to
21 recommend funding for the Department, you might see some projects in
22 there that they don't recommend state funding, because the federal funds are
23 not going to be there next year. The airports are going to be a little bit
24 alarmed because they're going to say, wait, that's been in my capital plan for
25 a number of years, and when I finally come up to that year the FAA is going

1 to pull the rug out from under my project, and it's just going to be tough. A
2 few projects like that are going to happen because we're just not going to
3 have the money to fund everything that people want. The planning level
4 we've been shooting for is not going to be there. So, we're going to start
5 winding it down a little bit. There'll be some dissatisfied customers we're
6 going to have for the next few months.

7 I'll stop right here and take Mr. Wagner's question.

8 DR. WAGNER: Is anyone floating an idea as to
9 what the expected percent decline in the forecast for the budget is going to
10 be, two percent, five percent, twenty percent over the next three to seven
11 years? With medicine they say, we're going to cut you by 20 percent over
12 the next two days.

13 MR. PAGE: Yes, let me answer that. I'm trying to
14 think fast on my feet. The planning ceiling that we've been working with,
15 I've sat down with airport consultants and shown them the letter, here's how
16 much you should be planning for, Washington ADO is about \$100 million.
17 We never got quite that much because a few projects would fall through, so
18 our discretionary amounts we were planning in the area of \$100 million, and
19 we usually end up getting in the \$50 to \$70 million actually in there, and the
20 other 25 projects were pushed back to the next year, or some fell through
21 under their own weight, because sponsors couldn't get it done, and
22 environmental holdups, and whatever else. Instead of planning for \$100
23 million next year, they're telling us to plan closer to \$50 million for
24 discretionary. If we actually get that \$50 million and don't get less than
25 that, we won't be too bad. In most years if we get \$70 to \$80 million, \$25

1 million of that is sponsor entitlement, discretionary number, \$50 million.
2 We usually get 50 to 60 maybe 65 million, and we're not too far below what
3 we normally get. It hurts in the planning level to be planning that much
4 less, that's a lot of money that we're cutting out of the airport projects that at
5 least can come to you for requests and have support.

6 DR. WAGNER: As a follow-up to that, if you're
7 interested in applying for 50 are you expecting a 60 percent funding rate
8 that really we're only talking about 30 million?

9 MR. PAGE: What they told us is that the total
10 money they have given us to the region to plan for is about 15 percent ----.
11 If you apply that 15 percent across our region, 15 percent less 7 1/2 million,
12 in the \$43 million range as a rough number.

13 DR. WAGNER: I guess it's immaterial to ask
14 about the health and well-being and the longevity of the fellow you're
15 competing with in New York?

16 MR. PAGE: He's younger than I am and stronger.
17 We are still working this, because in the past we've put our priorities for all
18 of our projects in order and looked at the money we got and cut a few off
19 the bottom that didn't quite rise to the level. We're working in reverse now
20 with our New York regional office and all the AEO's together. We have to
21 hit the mandatory projects first. That would be like the letter of intent we
22 got from Dulles, the promise of money, and we've got to fund that every
23 year. Projects that have safety area components, we've got to do those.
24 Projects that have started, and airport consultants should take this into
25 consideration, if we start a project with discretionary money, then we're

1 going to finish it. If they get it started, then we'll keep putting the money
2 there, and that carries a high priority. Also, Congressionally mandated
3 projects, we've got to take those off the top. When we're done taking all
4 those off the top, we don't have a whole lot of money left.

5 MR. BURDETTE: Terry, one of the concerns I
6 have and the Board has, the Board and the Agency have been good in trying
7 to get these safety obstructions removed and all of that, and it almost seems
8 like we're being penalized a little bit here because other states and other
9 organizations that didn't do that, now they get all the priority on the
10 remaining funds. Are we taking a pretty big hit because we're not going to
11 have a lot of projects in that area?

12 MR. PAGE: We always fund the highest priority
13 projects. In the past, at least my way of looking at it, or my rose-colored
14 glasses, in the past we put ours up there first and they were down lower, but
15 they got less money since they didn't have those higher priority projects, and
16 now they've come up with the higher priority projects, and it's been a run or
17 a cycle. Since we already finished ours, and I think it was good to get the
18 money when the getting was good, and our airports did real good, and we
19 got some very big projects in the past few years. Sponsors like Mark in
20 Lynchburg, good thing you got your runway extension done and finished,
21 because it will be tougher in future years to get big projects. Unless it's got
22 a flag or a priority with it, prior year discretionary, Congressional
23 earmarked, a letter of intent, some of those higher priority or safety type
24 projects, it's going to be tougher to get the money. Not impossible, but we'll
25 have to phase things out over a longer period of time. The funds we have

1 control over, the sponsors' entitlements, the sponsor has control over the
2 state apportionment funds.

3 DR. WAGNER: As you're looking at the master
4 plan for our region over the next five to seven years, understand there's a
5 significant downturn coming, would you say there are some projects or
6 proposed projects now in our pipeline that you think may not make it, or are
7 at significant risk at this time, non-binding, of course, and obviously, off the
8 record, stop typing. Put in there I was kidding.

9 MR. PAGE: I don't think there were any projects,
10 and we're trying not to stop a project altogether and say, look, we'll never
11 get to this, and we're trying to just phase it out, it might take a little longer
12 period of time. Again, what might happen is, we don't know what the
13 authorization in the appropriation for next year is going to be. If that goes
14 up, this may be just idle talk here, and we may have enough money in the
15 overall bigger pot. If we stay the same, it won't look like we went down
16 although everybody else went up.

17 MR. MCCREARY: Let's say one is not passed.

18 MR. PAGE: I'm out of work October 1st, then. If
19 there is no authorization of the AIP Program passed, we'll wait. How long
20 has it been since there has been a whole year without a program? I think
21 1981.

22 MR. MCCREARY: A resolution --

23 MR. PAGE: -- Quite often they'll continue the
24 same rules as last year and appropriate a certain amount, and we'll just carry
25 on with those same rules as last year. If that happens, we'll still see a little

1 bit less because of the other projects.

2 DR. WAGNER: That's a different question.

3 MR. MCCREARY: Part of the overall picture of
4 how much money there is.

5 MR. PAGE: That's an important point. Cliff just
6 whispered in my ear, certainly if the federal funds are not going to be there,
7 then they're going to be coming to the Board for the gap, to fill that gap, if
8 possible. That's the first hint we might have a few lean years, not the end of
9 the world. We'll keep fighting for as much as we can get with good
10 projects. If necessary, we'll have to phase things out over a little bit longer
11 period of time.

12 One thing that it's not due to, it's not due to the reauthorization
13 of AIP or funding proposals for FAA. It's not a related issue. Some people
14 might think it's connected to user fees, not at all. There is no connection
15 there, at least that I can see.

16 Future outlook, current program, one more thing I've got on my
17 agenda. This is mainly for sponsors and consultants. We sent a letter out to
18 all the sponsors and consultants yesterday, so nobody has gotten it yet. It's a
19 revision on the way that we handle category exclusion projects, projects that
20 don't require formal environmental assessment. A sponsor can put together
21 a couple page form to document the project as a category excluded from the
22 requirements of the National Environmental Policy Act, and go on with the
23 project. The Virginia State Historic Preservation Office has been giggling us
24 a little bit for not coordinating as well with them as we should, the federal
25 agency responsible for that historical and archaeological survey

1 coordination. We've been categorically excluding projects just because we
2 know we've been there long enough with the airport and we've done past
3 environmentals, and we know that this project has nothing to do with any
4 historical or archaeological sites around the airport. The State Historic
5 Preservation Office doesn't know that we know that. They want some
6 documentation that we know that. That comes back to the consultants and
7 sponsors to provide a piece of paper and some coordination. It's not
8 something they have to do with every project. If they've got a past
9 environmental study that already looked at it that's within three years, just
10 photocopy that, attach it to it, and that will be good enough. If you've
11 already done something recently, use it. If you haven't, you might have to
12 have some type of research documentation that the project has been
13 coordinated with the State Historic Preservation Office. Submit that with
14 your category exclusion form, similar to the coastal zone consistency
15 information. There's a one-page letter going out to all the sponsors and
16 consultants in Virginia just to notify them of that. I brought copies here,
17 and I'll set them on the chair, and the sponsors that are here today can pick
18 up a copy, and I appreciate it. It's just to double check, and you should get
19 one in the mail, but sometimes we miss an address or send it to the mayor
20 downtown rather than the airport manager who is working on the project. If
21 you'd pick one up, I'd appreciate it.

22 Mr. Chairman, that's all I've got today. Any questions, I'll be
23 happy to take them.

24 MR. OBERNDORF: Any questions from the
25 Board?

1 DR. WAGNER: We never have questions.

2 MR. OBERNDORF: Thank you, Terry.

3 Next will be the VAOC Report.

4 MR. COURTNEY: Good morning, Mr. Chairman
5 and members of the Board. I'm Mark Courtney, Director of the Lynchburg
6 Regional Airport and also President of VAOC. As you may have noticed
7 from time to time, we like to devote our time on the agenda to highlight a
8 member airport and a specific project of that member airport. This is
9 Lynchburg's turn; nobody else came forward, although I appreciate those
10 that came before me.

11 Today, I'd like to focus on a recent project that represented a
12 much-needed addition to our airport and was in response to what I thought
13 was the need for greater balance of facilities at our airport. Quite honestly,
14 it was a pet project of mine. It was a new t-hangar project, which we got
15 last year. It really was in response to the fact that despite the Lynchburg
16 Regional Airport's size and growth in our based aircraft, we had actually no
17 t-hangars at our airport. In fact, we had base customers that had learned to
18 fly at Lynchburg and bought aircraft in Lynchburg and never based
19 anywhere else and really didn't know what a t-hangar was. They thought,
20 how are they going to pull in and out. You don't understand, there are
21 people, aircraft owners that like to have their airplanes pushed back into
22 their own t-hangar, lock it up and nobody can touch it, and there are some
23 real benefits to that. I went through the whole process, and you may recall,
24 I had a waiting list, and it went through a very, very long process, trying to
25 get on the waiting list and trying to get through the financial side. We were

1 fortunate and finally able to get it under way. It's interesting that we did
2 take this particular project and offer it to both of our FPO's under a ground
3 lease to go ahead and build it themselves. Both of them looked at it and
4 declined, only because of the costs involved, and difficulty with which they
5 could get a long-term lease.

6 With that in mind, let me go ahead and run through this. I want
7 to make sure it's clear that the whole focus of my presentation today is to
8 highlight and show you a project for something that may be a low priority
9 and maybe something that, for at least our size airport, was ineligible for
10 federal funding. If it wasn't for the state program and the state grant funds,
11 and if it wasn't for the fact that the state makes the site work eligible for a
12 project like this that you're seeing now, it would not have been possible and
13 would not be here.

14 This is our airport layout. I'm just trying to get you a little
15 orientation. Give you an orientation on the first slide that's showing from
16 coming down Hangar Road. This is the t-hangar project, and this is a copy
17 of our uncluttered ALT. You can see the t-hangars are right there. By the
18 way, the other projects or other facilities that you see in red are new projects
19 going up. After seeing the Tappahannock presentation yesterday, I decided
20 to make all of these new buildings have red roofs. This is an aerial of it, and
21 this was the site itself right here. That's our fuel farm, that's Falwell
22 Aviation. That's a former Virginia airline maintenance facility, a State
23 Police hangar facility, the airfield maintenance building.

24 By the way, additional significant costs, when it came to the
25 site work it was all painted, so we put the light arrows in the road.

1 This is an eye chart, I guess. These are fully nested designs, 12
2 t-hangars with a jet pod at one end. Each one of the t-hangars is 45 feet
3 wide, full electric bi-fold doors. Forty-five is a little bit bigger than the
4 standard 39 feet deep. At the end it incorporated basically a 60 by 60, or so,
5 jet pod with additional offices. With t-hangars you always end up having
6 your storage room, a small office area at the end. We chose to make that
7 into a flight planning room that we outfitted for all the tenants as a customer
8 service, an added benefit for their use, for the customer.

9 This is the complex looking west away from the terminal
10 building, the jet pod. You can see the footprint basically of all the sitework
11 very up level.

12 Functional area, that's looking back towards the terminal.
13 That's the terminal building, and that's the Falwell facility and the t-hangar.

14 That's the Saratoga. I'm only the airport director there, what do
15 I know. My Commission Chairman owns that airplane. That shows you
16 how well it fits. As a matter of fact, that will fit, that fits the 414, it fits
17 there very nice and snugly.

18 That's the flight planning room, and we've outfitted it. The
19 problem with having something like this is the first request I get after we
20 have it all furnished, can we get wireless Internet access. I haven't solved
21 that problem yet.

22 The jet pod at the end, that is a Citation 3. The original tenant
23 fell through. That's the University's Citation 3 aircraft. It's a tight fit, but it
24 actually fits there.

25 MR. FRANKLIN: What size did you say that

1 was?

2 MR. COURTNEY: Sixty feet. There is actually a
3 cut-out where there is going to be more office area, but because of the
4 bigger airplane we decided, by not putting the office area here, we have a
5 cut-out for the nose. It's a tight fit.

6 MR. FRANKLIN: If you didn't have the cut-out
7 in there for the office there, the Citation 3 would fit and you could back it
8 in?

9 MR. COURTNEY: No, it wouldn't be long
10 enough. We have the lights here, the lights had to be raised, another issue is
11 the t-tail. We had to raise two of the lights there to make the t-, the t-tail is
12 the problem. No matter what size you design for, somebody always comes
13 and wants to rent it, and it's not quite big enough.

14 Let me give you the perspective on the costs. We finished it in
15 August of last year, 2006. We had to rebid it after the first time because we
16 had some engineering estimates for lower than the actual bid, so we had to
17 redesign and make a few, it's smaller. You can see for the building portion
18 there about 578,000, and the sitework was 362 and the total is 940,000.
19 What I'm hearing from others these days, projects now are definitely in that
20 category if not higher. If we did not have the state funding for the sitework,
21 we have to do this just for the t-hangar now. Total project cost is 940,000,
22 less the jet pod's share of the sitework. Twelve t-hangars run 758,000 after
23 all of the sitework. In order to be able to cover that debt service, 20 years, 4
24 1/2 percent, we would have had to rent it out at 400 per month. There are
25 no operating costs factored in that or recovery of operating costs, no profit,

1 that's 400 per month.

2 What we had originally, and based on our list for, our waiting
3 list and solicitation of potential customers before we built it, targeting
4 around 250 a month for the t-hangar, and that gradually will go up. We
5 finally reached a point and said 300 was pretty much the upper limit, and we
6 hit a brick wall when it came to the aircraft owners. Now, this is the t-
7 hangar. Aircraft owners paying more than 300, not to mention the fact, as
8 you guys really appreciate, as cost goes up and your rent goes up, people get
9 very skittish because the way the 300 and then 325, you're going to ask for
10 more and more. I had to come in and say let's draw the line. However,
11 there's a real problem at times with airport sponsors themselves subsidizing
12 t-hangars like this at a rate that's lower than what somebody else is building.
13 In a situation where I never get somebody a private party to come in and
14 build t-hangars with the cost because they can't possibly build it for that
15 cost. Leading up to the fact that by having the state funding for sitework
16 and we take the total project costs and take out the jet pod and then take out
17 the 80 percent sitework and t-hangars, we come down to 526,000. Twenty
18 years at 4 1/2 percent, the rent is \$278, and able to and willing to pay 300 a
19 month, that gives a little bit of cushion as far as the operating costs, utilities
20 and that type of thing, and break even.

21 In subsequent years we're going to see a fixed debt service, and
22 we'll see increases in the rent over time, and we'll start building in a little bit
23 of profit there. The bottom line is that we're able to keep the rent on a self-
24 sustaining basis, keep the rent at 300 per month, but without the state
25 funding for the sitework the project would not have been possible, and from

1 an economic standpoint we could not have justified building the project. So
2 thank you.

3 That's it.

4 MR. OBERNDORF: Any questions on the t-
5 hangar project?

6 MR. BURDETTE: How many people do you still
7 have on the waiting list?

8 MR. COURTNEY: We have one to two at any
9 given time. The problem is that when we came down to the very end I
10 ended up having to lease three units to the primary FPO, the same terms
11 month-to-month. I'm a little hesitant to kick him out right now, especially
12 with some other issues going on. I made it clear from the start that if we got
13 pressure from our primary FPO, a lot of pressure on my bosses, the city
14 council and the manager to actually lease out the whole facility to an FPO
15 so he could manage it, and then they would mark it up. I said in the
16 beginning if we build it we'll control it, and we could do it just fine. I held
17 firm on that. We have one or two any given time. My intent is to go ahead
18 and start backfilling.

19 One other final thing I'd like to add, as President of VAOC I
20 got feedback from Board members, as well as a couple of them called me,
21 related to the Airport IQ System. I have been part of that process. As far as
22 attending the spring workshop and all the efforts the staff has taken to
23 educate, but as you well know, until the very time you're actually forced to
24 do it, oftentimes you don't pay that much attention. I went through the
25 process like everybody else, and I realize it's a work in progress, and a

1 number of comments I passed along, others have as well. I got a couple of
2 calls over frustration with the learning curve, I guess, more than anything.
3 Obviously, there's a need for improvement, and that's the system that was
4 set up, kind of off-the-shelf, I think. Therefore, there is some fine tuning
5 that's needed. Just confusion as to how it is accepted. When you submit it,
6 it appears you have to do one at a time for each project in the current year,
7 and then submit the future years, and all this kind of stuff, not to mention
8 confirmation once you're done. I think there are some things the staff is
9 aware of, and they're working through it. I like the system, but, obviously,
10 with a little bit of extra fine tuning it would be better. I certainly have some
11 additional ideas and suggestions on how it could be better, and I know you
12 guys do, too. I think it's a good start, but I hope you continue to improve.

13 MR. KELLY: Does the cost you have up there
14 include the design and the CMP?

15 MR. COURTNEY: Yes, and by the way, for what
16 it's worth, it's a very frustrating area. On a project like this where you have
17 a lot of local money that has to be supported by revenue that you generate
18 from it, we could not afford full-time construction administration,
19 construction inspection services. We kind of farmed them out in key areas
20 or key phases. We had to have that part, but in between we provided our
21 own inspection services. We had a builder or contractor that wasn't the
22 greatest, and we ran into some problems here and there. We just didn't have
23 the money, but it still ended up costing around 60 or 70,000 dollars total for
24 engineering, design and inspection services.

25 MR. KELLY: Just as an update on costs, we had

1 the same contractor that Mark had that bailed on us after he built Mark's
2 project. When we rebid it without the jet pod, 10 t-hangars as opposed to 12
3 and no jet pod, the bid price came in at 1.2 million. The price on those
4 things has just gone up and up.

5 MR. COURTNEY: Fortunately, we still being
6 part of the city or city department, we wrapped into the city's annual bond
7 issue at a very favorable rate, and it worked out pretty well.

8 MR. MCCREARY: The General Assembly
9 passed some legislation so a lot of you guys could create airport authorities.
10 Is that something you all are moving on with?

11 MR. COURTNEY: Right now we're going back.
12 We passed that milestone, and we're now in the process of reforming our
13 committee to work on a draft contract that we'll present to all of the
14 counties. Our target for becoming an independent authority is July 1 of '08,
15 and that's the timeline.

16 Quite honestly, there are some other things we've had come up
17 lately dealing with FPO's and some expansions and some new buildings at
18 the airport that have created a lot of controversy and kind of put things on
19 hold in the short term.

20 Thank you, Mr. Chairman.

21 MR. OBERNDORF: Thank you.

22 Now we'll have the old business and a presentation on Wash
23 Rack and Water Permitting from DEQ, and that is Kyle Winter.

24 MR. HARRINGTON: Mr. Chairman and
25 members of the Board, previously I have briefed the Board on the subject of

1 airport wash racks and the permitting of, and in response to the Board
2 inquiry as to the design and cost and what goes into a wash rack. As many
3 of you know, the cost of a wash rack is going to be determined by site-
4 specific criteria. Each airport is unique, each one has different requirements
5 based on many different factors. In doing so, the Department staff, planners
6 and engineers work with the airport sponsor designing a facility that is
7 going to suitably meet the needs of the airport and at the same time fulfilling
8 the requirements, permitting requirements that are necessary due to the fact
9 that washing aircraft generates some source of effluent that need to be
10 mitigated and handled and permitted.

11 To further shed some light on the subject, we invited Kyle
12 Winter from the Department of Environmental Quality. He is the head of
13 their water permitting section. He would like to shed a little light on how
14 the process works from the DEQ standpoint. I will turn things over to Kyle,
15 and he will welcome any questions that anyone might have.

16 Thank you.

17 MR. WINTER: Mr. Chairman and members of the
18 Board. Let me go to my presentation. The first acronym up there, VPDES,
19 is Virginia Pollution Discharge Elimination System, and that is the
20 permitting program that we'll be talking about today. The question may
21 come up, how are airports permitted in Virginia. DEQ is tasked with
22 implementing state and federal law and regulations. Primarily, you've got
23 the Clean Water Act and the federal requirements, and then you have the
24 State Water Control Law.

25 The Environmental Protection Agency has delegated DEQ the

1 authority to administer the wastewater and industrial storm water from the
2 programs. When we talk about wastewater, we're generally talking about
3 something that results from some kind of a process. When dealing with
4 something that's coming out of the sewage treatment plant, that would be
5 wastewater and byproducts that are being treated from an industrial facility,
6 or run-off from material storage might be considered wastewater. Then
7 you've got what's called industrial storm water, which is basically storm
8 water that comes in contact with a material or process that results in that
9 storm water and how it is to be managed.

10 The facilities that we're going to be talking about may be
11 receiving an individual permit, and the difference between an individual
12 permit and a general permit is that the individual permit is tailored for site-
13 specific water quality conditions and some activities that the facility may be
14 undertaking that the general permit would not address. As you go through
15 and look at these permit numbers, anything that begins with a VA and
16 usually two zeroes after that, I've got them highlighted on the next several
17 slides. Those are facilities with individually negotiated permits. The other
18 ones are covered under the general permit, and those have a VAR
19 designation, and those, basically, have a standard set of monitoring
20 requirements and conditions for the classification of the facility that we're
21 discussing.

22 What kind of things are we concerned with? Vehicle
23 maintenance, somebody drops oil, we'd like to see that managed in an
24 appropriate manner. If they're doing equipment cleaning, or if they're doing
25 de-icing operations, we need to deal with that.

1 I'll go through these slides rather quickly. These are the
2 facilities that are permitted in Region 1, which is Southwest Virginia. All of
3 those are subject to general permits. This is Region 2, this is Region 3. You
4 can see Washington-Dulles has an individual permit. Region 4, obviously,
5 the city has an individual permit as well, and this is Region 5 and Region 6
6 and Region 7. You'll see a number of these facilities have individual
7 permits.

8 MR. PORTERFIELD: These are wash rack
9 permits?

10 MR. WINTER: No, these are permits that cover a
11 variety of activities at the airport, among which might be a wash rack.

12 If you were looking for a specific airport on that list, you may
13 have found that they weren't present, and there are a couple of reasons for
14 that. The airport operator may have submitted what is called a no-exposure
15 certification, in which case they were able to demonstrate to the satisfaction
16 of DEQ regional office that their facility was not subject to the requirements
17 to register for permit coverage. All of their activities were occurring under
18 roof, or the materials being generated were being captured and were being
19 treated off-site.

20 There is also a possibility that the facility may be operating
21 under the radar, where we're just not aware of that facility's activities. That
22 may or may not be a compliance issue. Specifically, we are not out looking
23 at airports that are not registered for permit coverage trying to find things
24 that they may be doing that are subject to activity. Generally, we have a lot
25 of folks dealing with scheduled inspections and other things, and, generally,

1 don't look for a given activity. Trying to figure out who should be covered
2 and who should not be covered. The facilities subject to these regulations is
3 going to depend on what activities they're undertaking on site and what
4 materials may be exposed and what the potential is for discharge into state
5 waters.

6 When we talk about the general permit, this will give you an
7 idea of what discharges are specifically prohibited under the general permit.
8 The general permit I'm talking about is dealing strictly with the
9 management of storm water on site. When we talk about storm water, we're
10 talking about precipitation, we're not talking about a discharge that is
11 occurring from wash water for example. If somebody was washing enough
12 vehicles to cause a discharge, that activity would not be allowed on the
13 general permit. They'd have to get an individual permit. If you have dry
14 weather discharge from de-icing conditions, that would be a concern. If
15 you've got runway maintenance that results in a discharge under dry weather
16 conditions, that would be something not covered by the general permit.
17 Anyone conducting this type of activity would have to have an individual
18 VPDES permit or have to look for alternative discharges, which is on-site
19 disposal, conveying the flows to a sanitary sewer system.

20 A number of times when we've explained what the permit
21 requirements consist of, people ask us, when did this happen. In 1972,
22 when the Clean Water Act basically prohibited a number of discharges
23 without permit. The slide we just looked at, there are prohibitions, and the
24 prohibitions that we covered were established by federal regulations in
25 1995. DEQ already had similar prohibitions, but we incorporated those into

1 our storm water general permit in 1999.

2 The reason I bring this to your attention is that these
3 prohibitions have existed for a while. If you have an activity that by virtue
4 of your growth, or if you have an airport that is adding new activities, new
5 buildings, they may not have been subject to these regulations ten years ago,
6 but there is a possibility they may be subject now.

7 I would alert you to the fact that EPA is in the preliminary
8 stages of evaluating whether effluent limit guidelines need to be developed
9 for airport operations, such as, de-icing. When I say effluent guidelines,
10 EPA would say for a given activity it would be reasonable for the people
11 engaged in that kind of activity to treat their wastewater with a certain
12 specification. For example, EPA would have a guideline that you don't have
13 a certain amount of oil and grease in the wash water or in your de-icing
14 activities. You don't have a certain amount of solids running off the site.
15 EPA is just in the preliminary stages here and we're probably looking at
16 2008 or later before this takes shape, and depending on the timing of this,
17 that would influence how we incorporate that into our storm water general
18 permit. Possibly we may have to develop a separate permitting program and
19 guidelines for some individual permits to address this. This is not
20 something that is going to affect us in the next year, but certainly within the
21 next five years you may want to be aware of these things.

22 We're going to leave a lot of discretion as to how the permit
23 determination should be made with the regional offices. We have seven
24 regional offices around the state. We're going to leave it to them to perform
25 the site inspections or to review permit applications to determine what

1 permit and what conditions are applicable. Here are some simple guidelines
2 for you. If the activity will cause a discharge under dry weather conditions,
3 irrespective of the actions of the operator, you're looking at an individual
4 permit. If you're going to have a discharge, regardless of what you're doing
5 for mitigation or treatment, you're going to need an individual permit for
6 that, and that will mean effluent limits and monitoring requirements. The
7 chances are pretty good that the facility involved will have to install
8 collection and treatment equipment to comply with the permit. If you have
9 a wash rack that is causing you a discharge under dry conditions, and you're
10 just running planes through that wash rack, and you've got enough
11 wastewater being generated, and you've got flow, you're going to have to be
12 able to collect and treat that water.

13 The next step, if the operator has to take action to prevent a
14 discharge under dry weather conditions, they can manage that, and they can
15 prevent the discharge and ensure that no discharge occurs, you may be
16 looking at a different form of permit. This permit would also contain
17 monitoring requirements, depending on how the wash water was being
18 disposed. Land application, possibly, you'd need some requirements to
19 make sure you're putting so much out in the field. If you're pumping the
20 wastewater off site, you probably wouldn't have much in the way of
21 monitoring requirements. In this case you have to install collection, but you
22 might not have to install treatment.

23 How would we determine if it required additional controls? If
24 you've got no discharge occurring under dry weather and you've only got a
25 discharge going from the site when it rains, a general permit would be

1 sufficient. Let me give you an example. Crewe has an airport in Southside
2 Virginia. They typically wash four or five planes a month, and that's almost
3 a trivial amount compared to what you might see at RIC. In the case of
4 Crewe, because of the way the airport is laid out, they've got a spigot and a
5 faucet and a hose and a spray gun on the high part of the property. On a day
6 like yesterday, they could probably wash a plane and the water may dry up
7 before it gets off the pad. Even if it did get off the pavement, you've got
8 some grass next to the runway about 150 yards long before it leaves the site.
9 The likelihood under weather conditions like today, for example, and
10 yesterday, you're going to see a discharge result from a wash operation, one
11 or two planes, it would be zero. That's perfectly fine operating under that
12 storm water general permit. We would have no concern for them. If you
13 had a facility washing planes on a regular basis, generating a lot of wash
14 water, certainly, if you have enough planes where you have to install
15 equipment to wash them, you're probably generating enough flow to deal
16 with different permitting issues. That's something you need to bear in mind.
17 If you had a general permit with us, and I think Chesterfield falls in that
18 category, and you have a pump station set up to go to Chesterfield's
19 wastewater plant, you would need an individual permit for the wash rack. A
20 general permit for other airport activities, but you wouldn't need a permit
21 just to manage that wash rack.

22 The person making this determination is the regional staff
23 taking care of this, and we delegate the authority to them to make the
24 decisions. Unless their doing something that's really bad or out of the
25 ordinary with regard to the regulations and guidance, we're not going to

1 override them. We've had discussions with regional water permit managers,
2 and the approach we've seen on the previous slides is practiced in our
3 offices. I'm not telling you anything that we're not doing or prepared to do.

4 I'll take questions at this time, if there are any.

5 MR. OBERNDORF: Any questions?

6 MR. OMPS: I'm the reason you're here. What I
7 glean from this is that if you have a pump and haul, it won't be a difficult
8 situation getting a permit for that?

9 MR. WINTER: No, sir. Between you and the
10 hauler and wherever he is hauling it to, that probably wouldn't be a big deal.

11 MR. OMPS: In talking to Board members who are
12 in different regions, different offices, I've heard there are different
13 interpretations. If you talk to one office compared to another office, it
14 might be entirely different, is that true or not?

15 MR. WINTER: Actually, we had that question,
16 and as I was preparing this presentation I contacted some managers of a
17 couple of the airports that were discussed with us by the staff, and to be
18 honest with you, we saw a consistent approach. What you're probably not
19 seeing are necessarily the same questions. If you were to ask a question
20 about the Chesterfield County Airport to folks in the south central region,
21 like Lynchburg, they're probably the biggest one we've got, or Danville. If
22 you asked a question about that, and you posed a site like Crewe, you're
23 going to get a Crewe kind of answer. Washing four or five planes a month
24 is not a big deal.

25 One of the other things is looking at it the way the sites look at

1 it. If you're take a particular site that is impervious where if anything hits
2 the ground it may flow, you've got an issue. If you're in Crewe or South
3 Boston or different areas of the state where you've got a huge amount of
4 grassland on site that's relatively small, then that's not a problem. It depends
5 on the individual facility. When you talk about regional consistency, you
6 need to ask the question, am I talking about the same activity, am I talking
7 about a comparable site. If I ask the Crewe question to several regional
8 permit managers in our agency and I got different answers, I would be
9 concerned. Where in fact, I did, and I didn't. Same thing with Chesterfield
10 or Winchester, you've got a growing airport with increased activity, that's
11 going to raise a concern that a small airport will not. The answers I got
12 from the regional staff as to how they were handling different situations
13 were pretty consistent, when you're talking about one given situation.

14 MR. OMPS: Thank you.

15 MR. SWAIN: In regard to an airport such as
16 Crewe, or any airport, would it be permissible for a sponsor, most of which
17 the government entity, would it be possible to have some type of
18 memorandum of understanding to limit the number of washes per week, two
19 or four? If they had a site that was good and a lot of grass, maybe had some
20 type of setup where they had unlimited quantity of water, or the amount of
21 water used for individual washes, or would you limit the discharge?

22 MR. WINTER: Are you talking about that with
23 DEQ or talking about having that as a policy?

24 MR. SWAIN: The policy would be DEQ to
25 prevent individual permits to prevent some of these wash racks, some of

1 which are estimated to cost like 300,000 to build, concerning storm water
2 and sanitary sewer.

3 MR. WINTER: Actually, you pose a question that
4 will require a slightly longer answer than you expected. When talking about
5 any of these permits dealing with the airports, most of the sponsors are
6 municipalities. Most of these permits contain what is called a storm water
7 pollution prevention plan. As part of that plan, typically we look at
8 activities on site. In the storm water pollution prevention plans that I
9 reviewed for airports, I used to work in the south central office, so that was
10 my perspective on this. The Town of Crewe had a plan that said we're not
11 allowed to discharge as a result of user wash boards. You need to make
12 sure that people that are washing their planes don't use enough water to
13 cause a discharge. They had a training program where the tenants of the
14 airport and the kind of people that you would expect to wash the planes had
15 to receive training on this and had to sign off on a regular basis that they
16 were aware of what the requirements were, and they promised to abide by
17 them. What DEQ does in the case of most of those facilities, we come by
18 about once every five years, and we'd come by more often if there was a
19 compliance issue. We'll come by and audit their compliance with the storm
20 water pollution prevention plan. Among the things we look at are the
21 training requirements and how we do the practices. When I did the
22 inspection at the Crewe airport, one of the first things we did is say, what do
23 you guys do, and asked them about de-icing, and they were pretty open.
24 Here's our fuel rack, and here's our wash rack. How do you maintain it or
25 manage it. From the evidence we had from what the airport operator was

1 able to share with us, it was clearly apparent to us visiting the site it wasn't a
2 problem. As long as the permittee was able to demonstrate to our
3 satisfaction that they had a pro-active approach to limiting the amount of
4 water being used, we probably wouldn't push the issue much further, unless
5 there was something that had a water quality impact off-site. Basically, we
6 would track that back up to that operation. If we find out you have a
7 problem off-site, working our way back, that's probably a little bit more
8 problematic than just asking questions about how you do things, especially
9 if we get satisfactory answers. To put that in a memo would be kind of
10 difficult, because the general permit, we mean it's a general permit. You're
11 registering for coverage, and we're not really negotiating it with you. The
12 pollution prevention plan is a very flexible document that you can develop
13 to meet your needs at your site. If you want to control the water in that
14 manner, you could do that. One caution I would give you is that if you're
15 going to pledge to something in that plan, we can enforce it.

16 I'll be happy to take any other questions.

17 MR. OMPS: Kyle, I appreciate your coming, and
18 you cleared up a lot of points that I've been asking for the past year and the
19 staff has asked me and I've been asking them. I appreciate you taking the
20 time to come here today.

21 MR. WINTER: Thank you for your time. On the
22 handout I provided I gave contact info. If you go to the DEQ Web page
23 you'll get a water permit and probably find my Web link all over it. If you
24 have any other questions, feel free to e-mail me.

25 MR. OBERNDORF: Thank you, very much.

1 Next we'll have tentative allocations from the Commonwealth
2 Airport Fund.

3 MR. SWAIN: Mr. Chairman and members of the
4 Board, Mr. Director, good morning.

5 In reference to Mark Courtney's presentation of hangars, I read
6 something in the latest issue of *Engineering News Record* that stated steel
7 prices are probably on their way up, due to supply and increased demand
8 and lack of supply coming for overseas. Get ready for some expensive
9 hangar site projects in like August.

10 If you'd refer to the first page in your program section of your
11 package. Actually, it's the second page, the green sheet, Memorandum, or
12 the revised Memorandum, and that indicates the funds available today.
13 Today in the Air Carrier/Reliever Fund you have \$355,394.90 available to
14 commit, and in the General Aviation Discretionary Fund, \$111,474.04.

15 Staying with our protocol of looking at these and voting on
16 them on a regional basis, if you'll refer to Region 1, I'll go over the projects,
17 and I'll highlight the changes that we discussed yesterday and the projects
18 that maybe eligible due to those increased funds. The first page, summary
19 sheet in Region 1, there are two requests. Virginia Highlands, Easement
20 Acquisition for Obstruction Removal, \$4,029.00, and Archaeological Study
21 - Phase 2, \$1,875.00. No changes here, and the staff recommends funding
22 both of these projects.

23 MR. DIX: So moved.

24 MR. FRANKLIN: Second.

25 MR. OBERNDORF: All in favor? (Ayes.)

1 Opposed? (No response.) The ayes have it.

2 MR. SWAIN: Region 2, there are several in here,
3 so bear with me. Shenandoah Valley, Runway 5-23 Remarking
4 (Design/Construction), \$43,532.00. Staff recommends funding that project.

5 On the Obstruction Study the request was \$22,681.60. The
6 original staff recommendation was not to fund these projects; however,
7 funds are now available.

8 There is also a project to construct a helicopter parking area.
9 The original request was \$31,008.00, and staff recommended not funding
10 that, due to lack of funds, or actually due to bids not being received. Bids
11 have now been received, and there are funds available. Basically, our
12 recommendation for the first project, but now we have funds available for
13 those following two projects. We'd be looking for a motion to pick up those
14 additional two projects.

15 MR. PORTERFIELD: I'll move it.

16 MS. RADCLIFF: I'll second it.

17 MR. OBERNDORF: All in favor? (Ayes.)

18 Opposed? (No response.) The ayes have it.

19 MR. SWAIN: Region 3. A request from Orange
20 County for Apron Expansion, \$11,368.42. Luray Caverns, Obstruction
21 Removal, \$5,560.00, and also Luray Caverns, Form C Environmental,
22 \$886.00. Staff recommends funding all three projects.

23 MR. OMPS: Mr. Chairman, I make a motion we
24 accept the staff's recommendation for Region 3.

25 MR. FRANKLIN: Second.

1 MR. OBERNDORF: All in favor? (Ayes.)
2 Opposed? (No response.) The ayes have it.

3 MR. SWAIN: Region 4. Hanover County
4 Municipal Environmental Assessment, I'm sorry, Change in Scope - Missed
5 Opportunity, shows one dollar, but actually it's zero dollars. The staff
6 recommends funding that change in scope to existing EA.

7 The second Hanover County project is Environmental
8 Assessment, same project, Missed Opportunity, \$20,000.00 request.
9 Recommendation was not to fund, due to lack of funds. Funds are now
10 available.

11 The next page is Tappahannock-Essex, Apron Expansion,
12 Runway End Identifier Lights, Signage, \$12, 727.00. Staff recommends
13 funding this project.

14 And the next page should be a yellow sheet. Hummel Field,
15 Access Road and Parking Lot Paving. The request is for \$36,609.20, and
16 also a request for Fueling System Modifications in the amount of \$8,456.47.
17 The original recommendation was not to fund because the airport had
18 obstructions, and the obstructions have now been mitigated, and funds are
19 available.

20 MS. RADCLIFF: Mr. Chairman, I'd move that we
21 fund all the projects in Region 4.

22 MR. OMPS: Second.

23 MR. OBERNDORF: All in favor? (Ayes.)
24 Opposed? (No response.) The ayes have it for Region 4.

25 MR. SWAIN: In Region 5 there were no requests.

1 Moving on to Region 6. Chesterfield County, Runway 15-33
2 Rehabilitation (non-AIP) (Night Work). The request was for \$240,000.00.
3 Staff recommends not funding this project. And, Chesterfield County
4 Taxiway "Charlie-West" Rehabilitation, a request for \$10,000.00. At the
5 time the original recommendation was not to fund, and the bids weren't in,
6 but the bids have now been received, and funds are available for the second
7 project.

8 MR. FRANKLIN: You're recommending the
9 second project?

10 MR. SWAIN: The funds are available and
11 everything is ready to go.

12 MR. FRANKLIN: Mr. Chairman, for those who
13 weren't here last night, we discussed this for about a half an hour, and I
14 always seem to have one of these in my region, and actually on the rehab
15 they wanted to do the night work. Although the project was estimated to be
16 300,000, the bids came in at 1.3 million, which is quite a bit more than we
17 have in the whole fund, anyway. I contacted the sponsor last night and got a
18 response from him this morning, and just for the Board's information, they
19 have 20 turbine based aircraft at Chesterfield County, and they're willing to
20 come up with the 20 percent local match. Given the fact that we don't have
21 the money and the FAA is not endorsing this, I regretfully move the
22 recommendation of the staff against night work and for the taxiway project.

23 MR. PORTERFIELD: Second.

24 MR. OBERNDORF: All in favor? (Ayes.)
25 Opposed? (No response.) The ayes have it.

1 MR. SWAIN: Region 7.

2 MR. FRANKLIN: My motion was to include the
3 taxiway.

4 MR. OBERNDORF: Yes.

5 MR. SWAIN: Region 7. Hampton Roads
6 Executive, Wetlands Mitigation and Hampton Roads Executive,
7 Replacement Runway (Design). The staff recommendation is not to fund
8 those two projects because environmental approvals have not been signed
9 off on by FAA.

10 On the next page, we have Williamsburg-Jamestown,
11 Obstruction Study, and that request was for \$13,600.00. The original
12 recommendation was not to fund it because the scope of work had not been
13 received, but that scope of work has been received. It's in order, and funds
14 are available.

15 DR. WAGNER: I'd like to move the staff
16 recommendations, with the addition of the funds being available, as
17 recommended.

18 MR. PORTERFIELD: Second.

19 MR. OBERNDORF: All in favor? (Ayes.)
20 Opposed? (No response.) The ayes have it.

21 MR. SWAIN: That's all the requests, Mr.
22 Chairman.

23 Mr. Chairman, Cliff has a response to Mr. Omps' comment on
24 the terminal buildings and costs.

25 MR. OMPS: It was on how many airports do not

1 have terminal buildings but will be asking for them in the future.

2 MR. SWAIN: He's got a presentation that
3 involves that information.

4 MR. BURNETTE: We got in this morning and
5 tried to put these numbers together and don't quite have that answer for you,
6 Mr. Omps, but we'll get that to you.

7 My favorite subject, terminal buildings, and I'll give you a little
8 brief history and then talk about new terminal building development. We're
9 probably the only state in the country that has a terminal building program,
10 or the size that we have. It's very robust. It started back in 1987. We've
11 constructed 34 new terminal buildings across the Commonwealth. We've
12 renovated 12 terminal buildings.

13 MR. BURDETTE: Do you recall what terminal
14 building that is?

15 MR. BURNETTE: That's beautiful Lynchburg.

16 I constructed this table out of the Virginia Air Transportation
17 System Plan. The problem with this table is that it's in 2002 dollars, and
18 second, I did not subtract out these terminal buildings that we've built since
19 the data was published in 2003. It does not include maintenance and
20 renovation costs that we have put in the terminal buildings.

21 What I want to draw your attention to is that column in the
22 middle that says, "State", and \$61 million worth of needs over a 20-year
23 period. That's from 2000 to 2020. That's what it is estimated the need will
24 be.

25 This morning, with the help of Susan Sommers, who went into

1 Airport IQ, we were able to pull down a six-year plan from '08 to FY13, and
2 looking at the bottom number there. In six years, these are '07 numbers, we
3 have a request for 25 million. You can see that that first or previous table I
4 showed you, even when you take into account the change of 2003 dollars
5 versus 2007 dollars, we have quite the terminal building demand in
6 numbers.

7 The sheet I handed out to you, that handout represents for each
8 fiscal year who is requesting what amount of money, state money, and the
9 total cost of that individual project for that fiscal year. We have quite a few
10 airports that are coming in on the terminal. That partially answers your
11 question. I'll get back to you.

12 Here are some of the airports that are requesting terminal
13 development: Grundy; Tappahannock-Essex, which is under construction;
14 Lee County; Stafford; Culpeper; Warrenton; Hampton Roads; Chesapeake;
15 Luray; Mountain Empire; Orange; South Boston; Blue Ridge is talking
16 about a relocation of the terminal building; Gordonsville; Lake Anna;
17 Louisa; Clarksville; Winchester wants to possibly relocate or renovate;
18 Norfolk; Suffolk; Twin County; Newport News. I think there is more air
19 carrier construction out there that we possibly need to capture.

20 You should also know that when we developed these numbers,
21 looking at the 37 terminal buildings plus the ones that are recommended to
22 construct, we have to allow for renovation costs, maintenance and
23 rehabilitation costs of those buildings. When they get 20 years old, you
24 have to start replacing systems. That cost over a 20-year period is estimated
25 around 50 million; sounds like a lot, when you spread it over 20 years.

1 Terminal buildings are a big cost factor, but we get a lot of benefits out of
2 them. As Randy said, they are usually the first and last impression when
3 someone visits a community.

4 That's a little update on the terminal building costs.

5 Mr. Omps, I'll get that data for you.

6 MR. OMPS: I appreciate it. Randy asked me
7 what I needed separate from this. This gives me a pretty good handle on
8 what I need. I was looking more for a list of what airports will be coming
9 into the pipeline asking for terminal buildings in the future. I can glean it
10 out of this. This actually gives me more information than I asked for.

11 MR. BURNETTE: That's a six-year request we
12 received this year.

13 MR. OMPS: Here's a question I have for you. I'm
14 not trying to belabor the point. Terminal buildings are probably the most
15 expensive expenditure that we have, other than building an airport,
16 rehabbing a total runway like Chesterfield, or something like that. From a
17 guy who has done some development renovation of my own facilities and
18 that type of thing, I'll just pick on Winchester here. Renovate the GA
19 terminal design, 175,000. To tell somebody how to renovate a building.
20 Why can't you do like a designed build, rather than spending 175,000 just to
21 tell you how to do it, when a reputable contractor could come in without
22 having 175,000 worth of design work just to renovate a building? I don't
23 understand that.

24 MR. BURNETTE: I haven't read the scope of
25 work on that project. It could involve moving walls.

1 MR. OMPS: That still could be design/build.
2 You've got the facility there, and it's just a matter of rehabbing. I see a lot
3 of money going out for things that aren't going to come back directly to
4 benefit the Department or those localities. I get frustrated with that. I think
5 as a Board we need to watch where the dollars are going. We need to
6 spread it out, and we're not getting any more money in our budget. Costs
7 are going up, and airports need our help, and I hate to see us throw it away
8 on things we don't need to, or are not bricks and mortar, so to speak.

9 MS. RADCLIFF: These numbers in the '08
10 column, are we going to see those in August?

11 MR. BURNETTE: Yes, ma'am.

12 MS. RADCLIFF: I know we talked about this
13 before, what is our policy on design/build? Do we have some hang-up on
14 those?

15 MR. BURNETTE: From a budget standpoint, this
16 Board, previous boards and this Board, what we've done is, we like to do the
17 terminal building study one year and design and construct kind of as a way
18 to control the program and costs. We can do design/build, there is no
19 reason we can't do design/build, we'll just have to adjust.

20 MR. OMPS: It's a big cost savings. I chair the
21 local juvenile detention center in our region. We built that design/build, and
22 the state approved it, and we saved a tremendous amount of money.

23 MS. RADCLIFF: Mr. Chairman, what do we see
24 in other states on that? What is the FAA's position on that?

25 MR. PAGE: The FAA does allow design/build

1 projects, and it usually comes into projects that are large scale and large
2 scope. At Dulles it was a billion-dollar project. The expertise is there with
3 the firm that actually builds that. The average consultant or architect doesn't
4 have that kind of knowledge or expertise, so they've been better for
5 design/build. A terminal building where an architect can design something
6 and bid it, I don't know that there's much savings. Whether the architect is
7 the airport's architect, construction contractor's architect, you still need an
8 architect to do it and to do a design. I can't think of a single design/build
9 project we have funded in the past 20 years because of the type of project
10 they're generally doing. We don't do building projects.

11 MR. OMPS: I'm talking mainly about rehabbing,
12 not so much ground up. I get concerned when I see us putting money, just
13 for somebody to say if you move this wall and put brick here you'd be much
14 better off, and give me \$200,000.00. I think that's a waste of our money.

15 MR. BURNETTE: It's permissible. We could
16 probably ask the sponsor and make them rebid that in that process and have
17 some safeguards in there to control and monitor costs.

18 MR. BURDETTE: Mr. Chairman, if it's the
19 Board's desire, I believe, as Mr. Omps has expressed, especially on the
20 renovations we can transmit to the sponsors that we would recommend they
21 design/build or we encourage --

22 MR. BURNETTE: -- I think we ought to examine
23 the scope of the project before we automatically say, do a design/build. It
24 may not be the best option. I think we should advertise that, maybe
25 compare costs of the process as we move into that part.

1 MR. OBERNDORF: It should be considered.

2 MR. FRANKLIN: What would be the biggest
3 negatives to design/build?

4 MR. BURNETTE: I think we're concerned about
5 maybe the potential, it may be more costly.

6 MS. RADCLIFF: What are you basing that on?
7 What have you seen that would make you think that?

8 MR. BURNETTE: It would depend on how they
9 bid it and kind of design as you go along.

10 MS. RADCLIFF: Mr. Chairman, I do a lot of
11 work in this area, and I think it would probably, the biggest problem with
12 design/build, traditionally, is the lack of competition. We already have a
13 lack of competition. Let's face it, there might not be a lot of competition on
14 the construction side, in design, we already face that. I think that's
15 ordinarily the argument against that. That's nothing new.

16 MR. PORTERFIELD: You can consider
17 design/build. I don't think there is anything inherently superior, or I don't
18 think it's generically cheaper to do it on a design/build basis. It depends on
19 who is doing the work. I would think you'd look at it as a project-by-project
20 thing.

21 MR. BURNETTE: It's the scope of the project.
22 You have a building and site prep and all elements, and that's a larger
23 tentative allocation that we're probably facing. You might have to multi-
24 year that project, not tie up all those funds in one slug of money, or we'd
25 have to look at multi-year funding. We need to address each project as we

1 go along.

2 DR. WAGNER: In effect, we're already agreeing
3 to do multi-year funding. We have the research phase and the design phase
4 and site prep. It's all done with the idea that since we're down the path and
5 all the checks are getting in the box, we're not expecting to have the design
6 done in October. We're really doing multi-year funding at this point. I
7 think the idea is having some form of competition into the market. We were
8 having this conversation about, gee, why would it be so much more
9 expensive for the state to plan and build per square foot than if somebody
10 else is doing the development. I don't know if the state builds things into a
11 greater spec, greater degree than the commercial environment does. You're
12 talking about the state builds things to last, but I think code is code. I don't
13 know that we're building our buildings with four foot thick walls and able to
14 withstand Category 5 hurricanes, versus somebody else in the commercial
15 market not doing it. I've been surprised, and I think the Board has been
16 surprised, as to the relative cost per square foot for the design of most of our
17 projects. I think that's where this all comes about, making sure it's a
18 transparent process and a competitive process and a value process, because
19 that's what we're here for. We're here to ensure fiscal responsibilities.

20 MR. OBERNDORF: Did you have a comment?

21 MR. JOE: In the years I've been associated with
22 Virginia aviation, the movement was to divide the design from the
23 construction so you didn't tie up all the state funds, the discretionary funds,
24 in one year, and then you're actually not doing it until the next year. You
25 can only do the design probably one year and the construction the next year.

1 Now you've taken a larger number of funds and tied it up in one project,
2 and those funds could be used to do something else at another airport. My
3 memory is that has been the real problem for people going through the
4 design phase and then the construction and allow those state funds to be
5 used across the board instead of getting them all tied up.

6 DR. WAGNER: It seems to me, Joe, we can still
7 maintain appropriate check marks, or the appropriate hurdles, if you have to
8 go before the Board for additional funds to be released, you can do
9 appropriate multi-year planning, like we're doing right now, and we're just
10 calling it something else. I don't think we should take a big pot of money
11 and lock it up on two airports for the rest of the year.

12 JOE: Once you design it as a design/build project,
13 it has a lump sum associated with it, and then you come to Board for funds
14 for that entire project, and it takes a tentative allocation for the whole thing
15 in 2007, where it would be a 2007 and 2008 project, then the other airports
16 don't have an opportunity to use the funds in 2007.

17 DR. WAGNER: I think it all depends on how you
18 schedule it.

19 JOE: That's my recall of it.

20 MS. RADCLIFF: That's just an accounting
21 function. No one suggests it should sit in an account of the department or
22 aviation with a name on it. It would lend itself to multi-year funding, just so
23 it's easier for us; it's not a good reason to spend taxpayer dollars, in my
24 mind.

25 MR. OMPS: Mr. Chairman, I just wanted to drain

1 the swamp, and now all of a sudden we're up to our ears in alligators. My
2 question was, why do we have to have a tremendous fee for renovation for
3 something that's already there. That's something that could be done very
4 easily by any company coming in and saying we need to do this and this.
5 It's not a whole engineering process. That was the original question that
6 came out; all of a sudden we're building buildings. It's a good discussion,
7 I'm not taking away from that. My question is, why do we have to spend a
8 fortune to renovate, to design a renovation. Renovations can be done much
9 easier.

10 That's the only question I had.

11 MR. OBERNDORF: Any other comments? Or
12 motions? Thank you.

13 Now, it's time for public comments. Anyone wishing to make a
14 public comment, the floor is open.

15 Hearing none, Board comments. Staff comments.

16 Hearing no other business, the meeting is adjourned.

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18 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Aviation Board Meeting when held on June 20, 2007 at Wyndham Hotel Richmond, 4700 S. Laburnum Avenue, Richmond, Virginia.**

I further certify this is a true and accurate transcript, to the best of my ability to hear and understand the proceedings.

Given under my hand this _____ day of June, 2007.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2010.