

# **Michigan Aeronautics Commission Meeting**

**January 23, 2013**

**Director's Report**



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# Planning and Development Section

## Airport Development Projects:

+ **59** projects Total were let in **2012 (Total: \$39,666,797)\***

+ **88** projects Total were let in 2011 (Total: \$38,165,626)\*

\* Total Costs shown do not include Detroit Metro or Willow Run Projects

## Tall Structure Reviews:

+ **1,975** Total applications were reviewed in **2012** (785 of which were Wind Turbines)

+ **2,452** Total applications were reviewed in 2011 (1,279 of which were Wind Turbines)



# Planning and Development Section (Continued)

+ Annual Statewide Passengers through November 2012

+ 34,045,882 (-1.00% from 2011)

+ Air Cargo through November 2012

+ 51,718,395 (1.05% from 2011)



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# Programming Section

## Grants and Contracts Unit

- + 19 GA Closeouts (2,597,873)
- + 2 State Block Grant Closeouts (\$8,985,264)
- + 57 Sponsor Contracts (\$9,695,802)



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# Transport & Safety Section

## Aircraft Utilization

	<u>FY 12</u>	<u>FY 13</u>
Oct.	75.4	94.9
Nov.	52.1	47.3
Dec.	63.2	67.2
Total:	190.7	209.4



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# Aircraft Registration

FY2011

Total Revenue of \$274,506

FY2012

6,500 Registrations

Total Revenue of \$265,695

Decrease of 3.21%

*Based on 1¢ per pound by statute*

*Average \$40 per aircraft.*



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# What's Happening

- ✦ Four Disciplines of Execution (4DX) – Wildly Important Goal (WIG)
    - ✦ MDOT – Improve Customer Satisfaction from 73%-80% by December 31, 2013
    - ✦ AERO – ????
  - ✦ Aeronautics Performance – Build Michigan Airports 2000
    - ✦ Complete and Adequate Primary Runway Systems
      - ✦ Reduce number of Tier 1 airports with deficient primary runway systems by 40% by 2010
- ✓ **Goal Met**



# What's Happening (continued)

- ✚ Upper Peninsula Air Shuttle
  - ✚ Tuesday & Thursday
  - ✚ Depart Lansing 7:00 a.m.; Arrive Marquette 8:15 a.m.
  - ✚ Depart Marquette 5:00 p.m.; Arrive Lansing 6:15 p.m.
- ✚ AeroPM IT Project
- ✚ Michigan Advanced Aerial Systems Consortium
  - ✚ MEDC \$500,000
- ✚ Potential \$100 User Fee
- ✚ Governor's State of the State



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# Governor's State of the State

## Relentless Positive Action

- + Governor's plan for enhanced transportation funding starts the discussion
  - + Calls for 1.8 Billion in Transportation Investment
    - + Registration Fee
    - + Restructure Gas Tax
- + But OMG he didn't mention aviation



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# So now is the time to tell our story...

- + Lets remember our purpose
  - + State Aeronautics Code - PA 327 of 1945
  - + Supervisory Authority over Aeronautics in the State
    - + Encourage, Foster and Participate in Grants
    - + Establish Aeronautical Facilities
    - + Promulgate Rules
- + Our History
- + Our Leadership



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# MDOT - Office of Aeronautics

- ✦ Carries out the Statutory Requirements of the Aeronautics Commission and the Expectations & Objectives of the FAA, State, and Department of Transportation in serving our customers
- ✦ Supports Aeronautics Programs
  - ✦ Administer federal aid program
    - ✦ Project Management
    - ✦ Programming
  - ✦ Inspection & Licensing
  - ✦ Maintain electronic facilities
  - ✦ Operate state aircraft



# How do we determine what we want to accomplish?

## + **Set Priorities**

- + Maintain System of Airports
- + Promote Economic Development
  - + Conduct Statewide Study
  - + Update Community Benefit Tool
- + "Implement" Strategic Objectives
  - + Good Government in Action
  - + Customer Satisfaction
  - + Employee Development
- + Contribute to Statewide Efficiency
- + Eliminate unnecessary or burdensome regulations
- + Address issue of State Owned Airports
- + Evaluate Statewide Air Service
- + Positive Influence on National Issues



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# Asset Management = Michigan Airport System Plan (MASP)

## + Critical Infrastructure

- + Runways, Taxiways, Nav aids, Firefighting & Snow Removal Equipment

## + Investments Guided by

### + Plans

#### + MDOT 5-year Transportation Plan

- + \$850 Million (\$170M Annual Average)

#### + AERO 5-year Capital Improvement Plan (ACIP)

- + \$600 Million Federal/\$200 Million Local/\$50 Million State

## + Strategies

- + Maximize, match and leverage all federal aid
- + State investments support economic development

## + Partnerships

## + Resources



# A Long Term Strategy To Meet Our Needs – 2015 and Beyond

State Aeronautics Fund \$22.5M\*

+ Operating Funds \$ 8.5M

+ Includes

+ IDGS & Agency Grants

+ Air Service Program

+ All Weather Access

+ Capital Improvement Funds \$ 10.0M

+ Based on 5-Year ACIP

+ ASAP Debt Service \$ 4.0M

+ Increases to \$5M in 2015



\*Amount estimated at current level.



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# Current Sources of Revenue

State Aeronautics Fund	\$12.5M*
+ Fuel Tax 3¢/gallon	
+ w/1.5 cent refund	\$ 5.5M
+ Parking Tax	\$ 6.0M
+ Aircraft Registration	\$ .3M
+ Permits & Licenses	\$ .2M
+ Flight Operations	\$ .5M

NEED \$ 22.5M

**SHORTFALL \$10.0M**



\*Amount estimate at current levels.



# Potential Impact of Shortfall

- + Inability to Match = Potential Loss of Federal Funds
  - + Degradation of Infrastructure
  - + Safety
- + Inability to support Strategic Objectives
  - + Efficiency
- + Inability to promote Economic Development Investments
  - + 43 Job for every \$1 Million
  - + Industry Supports Over 7,000 Jobs Annually
- + Loss of Air Service Program
- + Staff Reductions



# Revenue Enhancement Sources

## Aviation Fuel Tax Options

### Applied to 5 Year Average Fuel Sales

<u>Aviation Fuel Tax Rate (Based on traditional cents/gal structure with interstate refund)</u>	<b>Current</b> 3¢ per gal & 1½¢ per gal refund	<b>Option 1</b> 1¢ per gal increase & 1½ ¢ per gal refund	<b>Option 2</b> 2¢ per gal increase & 1½ ¢ per gal refund	<b>Option 3</b> 1¢ per gal increase (jet only) & 1½ ¢ per gal refund	<b>Option 4</b> 2¢ per gal increase (jet only) & 1½ ¢ per gal refund
Total Gallons Purchased	293,237,373	293,237,373	293,237,373	293,237,373	293,237,373
Taxable Jet Gallons Purchased	290,853,027	290,853,027	290,853,027	290,853,027	290,853,027
Taxable Avgas Gallons Purchased	2,384,347	2,384,347	2,384,347	2,384,347	2,384,347
Gallons Refunded	175,881,450	175,881,450	175,881,450	175,881,450	175,881,450
Gross Revenue	\$8,797,121	\$11,729,495	\$14,661,869	11,705,651	14,614,182
Net Revenue	<b>\$6,158,899</b>	<b>\$9,091,273</b>	<b>\$12,023,647</b>	<b>\$9,067,430</b>	<b>\$11,975,960</b>

<u>Aviation Fuel Tax Rate (Based on traditional cents/gal structure with no refund)</u>	<b>Option 5</b> Current 3¢ tax & no refund	<b>Option 6</b> 1¢ per gal increase & no refund	<b>Option 7</b> 2¢ per gal increase & no refund	<b>Option 8</b> 1¢ per gal increase (jet only) & no refund	<b>Option 9</b> 2¢ per gal increase (jet only) & no refund
Total Gallons Purchased	293,237,373	293,237,373	293,237,373	293,237,373	293,237,373
Taxable Jet Gallons Purchased	290,853,027	290,853,027	290,853,027	290,853,027	290,853,027
Taxable Avgas Gallons Purchased	2,384,347	2,384,347	2,384,347	2,384,347	2,384,347
Gallons Refunded	0	0	0	0	0
Gross Revenue	\$8,797,121	\$11,729,495	\$14,661,869	11,705,651	14,614,182
Net Revenue	<b>\$8,797,121</b>	<b>\$11,729,495</b>	<b>\$14,661,869</b>	<b>\$11,705,651</b>	<b>\$14,614,182</b>

<u>Aviation Fuel Tax Rate (Based on percentile structure alone or in combination with above methodology)</u>	<b>Option 10</b> 1% & no refund	<b>Option 11</b> 1% and 1½¢ per gal refund	<b>Option 12</b> 2% & no refund	<b>Option 13</b> 2.0% and 1½¢ per gal refund	<b>Option 14</b> 16.67% of the Michigan sales tax
Total Gallons Purchased	293,237,373	293,237,373	293,237,373	293,237,373	293,237,373
Taxable Jet Gallons Purchased	290,853,027	290,853,027	290,853,027	290,853,027	290,853,027
Gross Revenue- Jet (@\$3.09/gal)*	\$8,987,359	\$8,987,359	\$17,974,717	\$17,974,717	\$8,987,359
Taxable AvGas Gallons Purchased	2,384,347	2,384,347	2,384,347	2,384,347	2,384,347
Gross Revenue- AvGas (@\$4.06/gal)*	\$96,804	\$96,804	\$193,609	\$193,609	\$96,804
Gallons Refunded	175,881,450	175,881,450	0	175,881,450	282,011,377
Gross Revenue	\$9,084,163	\$9,084,163	\$18,168,326	\$18,168,326	\$9,084,163
Net Revenue	<b>\$9,084,163</b>	<b>\$6,445,941</b>	<b>\$18,168,326</b>	<b>\$15,530,104</b>	<b>\$4,853,992</b>

# Revenue Enhancement Sources (continued)

- + Aircraft Registration 1¢/pound = 265K
- + Transfers \$5
- + Licensing
  - + Airports \$25 - \$100
  - + Managers \$25
- + Parking Tax
- + Rental Car Tax
- + Comprehensive Transportation Funds
- + General Fund
  - + Sales Tax – One Time Funding \$10M



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# Revenue Enhancement Strategy

## \$850 Million Invested in Airport Infrastructure in the Next 5 Years

- + Engage our Partners
  - + Federal - FAA
  - + State - Governor, Legislature
  - + Airports
  - + Airlines/Cargo/Business
  - + Associations
  - + Others
- + Communicate Benefits & Needs
  - + Jobs & Economic Development
  - + State Funding = Additional \$10 Million/Year



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# The Future is Now

- ✚ Michigan Advanced Aerial Systems Center (MI-AASC)
- ✚ Remotely Piloted Vehicles
- ✚ Autonomous Aerial Vehicles
- ✚ Spaceports



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# New License

STATE OF MICHIGAN  
Rick Snyder, Governor  
MICHIGAN DEPARTMENT OF TRANSPORTATION  
Michigan Aeronautics Commission

No. 2669

  
Michigan Department of Transportation

**ASSISTANT AIRPORT MANAGER**

*is certified to act as assistant airport manager at*

*Unless suspended or revoked, this approval  
becomes invalid not later than  
December 31, 2013*

  
EST. 1929

  
Michael G. Trout, Commission Director



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# Recent Events

- ✚ Office of Aeronautics/Lansing TSC Gathering, January 8.
- ✚ TRB Annual Meeting, Washington, D.C., January 13-19.
- ✚ Safety Seminar/Christmas Dinner Sponsored by Brooks Field Aviation Association and EAA 1076, Battle Creek, December 9.
- ✚ All Aviation Expo - Coast Guard Air Station, Cherry Capital Airport , January 12.



# Upcoming Events

- + Great Lakes Aviation Conference, January 25-26, Eastern Michigan University.
- + Grass Roots Pilot Tour by Troy Oakland Pilots Flying Club, Troy, January 29.
- + Highway Operations Alignment Conference, Lansing, January 29.
- + MDOT High Impact Meeting, Lansing, January 30.
- + MDOT/ACEC Workshop, Lansing, January 31.
- + Dawn Patrol – Plymouth Mettetal Airport EAA Chapter 113 Chili Fly-In, February 9.



# Upcoming Events

(continued)

- + Pilot Safety Seminar Dalton Airport, Flushing, February 16.
- + MDOT/MAAE Michigan Airport Conference, East Lansing, February 20-21.
- + AASHTO Washington Briefing, Washington, D.C., February 27 – March 1.
- + MBAA Legislative Day, State Capitol, March 12.
- + AASHTO National Transportation Leadership Institute, Indiana University, April 7-19.



# Upcoming Events

Upcoming Events can also be found on our website:

<http://www.michigan.gov/aero/>



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# Brigadier General Len Isabelle



Congratulations!



# Mark Noel



Congratulations!  
Thirty-Five Years of State Service



# **Thank You Questions?**



**“Aviation is proof that given  
the will, we have the capacity  
to achieve the impossible.”**

**(Eddie Rickenbacker)**