

2017 SENATE POLITICAL SUBDIVISIONS

SB 2179

2017 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2179
1/19/2017
Job # 27138

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to eligible uses for infrastructure revolving loan funds

Minutes:

Written testimony #1 Sen. Bekkedahl
Written testimony #2 Kyle Wanner
Written testimony #3 Matthew Remyense
Written testimony #4 Greg Haug
Written testimony # 5 Kelly Braun

Chairman Burckhard opened the hearing for SB 2179. All senators were present.

.19-6.09 Senator Bekkedahl, District 1, Williston, in support of SB 2179. Written Testimony # 1.

6.10 Senator Anderson: I suspect that the FAA speaker that is going to come will explain this how most airport projects are financed. My impression was always that federal money was used for Bismarck spent \$50M on their new airport terminal, most of it was federal money. So, if that's not going to be explained by the next speaker, maybe you can answer that for me.

6.35-8.22 Senator Bekkadahl: I can give you a little bit of insight on that. I can tell you that in our current airport our expansion project, the FAA, is telling us that they would prefer not to fund any of our terminal project which is a \$45M construction project because it's simpler for them in their grant process, is the way I have been told. We're trying to get that turned around to see if we can some federal funding for that, but as of right now that would set outside of funding from the federal government. You have federal funding that is normally on a lot of projects would be 90% federal, 5% state, 5% local if we can get all those matches in place. I can tell you building a newer airport you don't get 90% federal money. Our airport project we're hoping for and we already have committed in grants from the federal government is \$54M. We are hoping for 50% federal funding, 25% state, and 25% local. So our local share is going to be somewhere in the \$60 M dollar range for this project. The state has already, in prior commitment at \$60M dollars and when we're not asking for anymore because we don't think we can get anymore. They give us grants annually for our project, generally in September by October 1, the new fiscal year and they've been about \$27 M a year and they want to do that in the next 3 fiscal years as well. That's how the federal funding

works for us. There are other projects and ask about the renovation project in Bismarck when they get here, because I don't know how that's funded.

Senator Anderson: The federal money typically comes from some kind of a tax placed on the airline, is that correct? Does that relate to how many flights or how many people you have going out of your airport when they look at the funding formula or how does that work?

8.39 Senator Bekkedahl: it is my impression that a lot of the monies come from passenger facility charges at least locally, and I think there are some at the federal level as well. There are other charges that you can have on the airlines as well. I would agree that probably a lot of the funding comes that way through the FAA, but I think there might be some other appropriations from the federal government as well.

10.24-13.57 Kyle Wanner: Director for the North Dakota Aeronautics Commission, in support of SB 2170. Written testimony #2.

Chairman Burckhard: 31 Million square feet of pavement, how many linear feet of that. I mean I don't think of runways as square feet. How much is 31 million square feet?

14.26-15.33 Kyle Wanner: Great question. I guess I could get the math for you. I just know that from the statewide study that we conduct every three years, we analyze all the pavements around the state and an incredible interactive online system you can go on our website and you can look at any single paved public airport in the state, every single pavement section with photos, date of pavement was put into place, history of the maintenance, cost benefit breakdown of what the best way to move forward with the most cost beneficial way to maintain that pavement. This is a revolutionary online interactive tool and our state was the first one to have in the entire country. Right now other states are adapting to it. I would love to see that for our roads on the state, but our airports we get it first. We have the best tools available to maintain and analyze our pavements and that was the analysis study that I provided as far as a square foot, linear I wouldn't be able to answer that today.

16.17-20.15 Matthew Remyse: President of the Airport Association of North Dakota. Written testimony # 3.

Chairman Burckhard: On the second page when you did the list of funding needed for Bismarck, Fargo, then the Williston one was the number over \$200 M or is it \$250 M?

20.39 Mr. Matthew Remyse: I believe the cost is \$250M for the new airport.

Senator Anderson: This bill is intended to provide money for the 8 commercial airports in North Dakota. How is the funding if Carrington for example needs some new structure or something in their airport, how is funded?

21.07 Mr. Matthew Remyse replied generally the aviation airports they would the 56 airports, that are as well for the federal funding so they would either the projects once identified on the capital improvement plan, would go through the federal process as well and then they would also work with the North Dakota Aeronautics Commission to see what they

could help with, the local funding. For the airports that are not eligible for federal funding, they rely solely upon the state's airport grant program to fund their projects. I believe they are typically done at more of a 50/50 level.

Senator Anderson: Where does the money from that the State Aeronautical Commission spends on these projects?

22.07-22.30 Mr. Matthew Remyse: The money, approximately \$900,000 comes from the General Fund, and then the remaining \$6M comes from the fuel tax and different taxes for aircraft registration excise tax.

Chairman Burckhard: So, Matthew, previously Senator Bekkedahl suggested that normally the federal funding covers 90% and I think I wrote down that the feds are going to cover 50% of the Williston project. So what used to be normal is 90% is now going to be less than 90% obviously, can you confirm that?

22.59- 23.40 Mr. Matthew Remyse: Yes, that is correct. Williston is aiming to get 50% of the funding and I know because I work at the Bismarck airport, so I know that the Bismarck airport is looking to have the FAA cover 53% of their \$70Million project, so with all the large needs from the commercial airports in the state, the FAA is just not able to keep up. They have put more money into the state to help cover airport projects, but unfortunately with \$70 M dollar projects, when you have 7 or 8 of those unfortunately they are just not able to keep up.

Chairman Burckhard: So how timely are federal funds divvied out. I mean if \$120 Million dollars is hooked for how so or what time frame do they get those funds?

23.49-24.14 Mr. Matthew Remyse: I believe that in this case with the Williston airport, they went ahead and actually worked a letter of intent with the Federal Aviation Administration, so for over 10 years they will get a certain amount of federal dollars to help repay loans or bonds they have to take out to develop the airport.

Senator Judy Lee: Was there a division and I am sure Mr. Remyse can do it for me too, between whether or not something like the terminal or the runway gets the funding. Do the various sources of funding just separate those out so it splits off from each of these sources so that one would have to go two places anyway to get runway or payment repair maintenance and a terminal with new construction or renovation?

24.59-25.52 Mr. Matthew Remyse: The Airport Improvement Program funding through the FAA is set up in a priority system just as the ND Aeronautics Commission grant program is so if a runway or taxiway or anything to do with safety it is obviously going to take a higher priority. Now there are certain projects that were not eligible, for the federal program but may be eligible for state funding. So depending on the project, yes, typically you would go to the FAA and then I am not sure what your local share would be and then find a way to fund your local share. With the FAA unable to fund the 90%, we are seeing local shares that we've never seen before.

Senator Judy Lee: I fly into a number of places where there are fees. But we need to look at those kinds of things that are being done in other states that because the cost of the ticket or the airport fee or whatever it is, I know we are talking about no new taxes and all that kind of good stuff, but for some of these things the individuals who are using the airport are the ones who then supporting the airport. I think that is part of keeping the airport alive. Has there been any discussion about whether or not you would support something like that if it ever came to the legislative session?

26.39-26.52 Mr. Matthew Remyne: I know adding a new fee or tax to aviation that has never brought up to help support additional infrastructure.

27.03-28.20 Senator Bekkedahl: Here is a correction that Matt didn't know this so I am going to correct it. For the Williston project we asked for a letter of intent funding which is a 10- year process, they guarantee us so many funds for 10 years and then we would have to bond or borrow the money to do the project that way. They do not do that anymore at least on our project. They are now doing what's called a pay-go system which every year for 4 or 5 fiscal year break they will pay a certain amount for the projects you have on that construction year list. That is just the system that they have asked, they call it "pay-go" it's not a 10 year and it's not a guarantee. We are asking for \$120 M there and they can never guarantee us \$120 M which they would've done under the lower intent, they could've taken that letter of intent to the banking system and borrow us the money because here is how we will pay it back. They don't even do with pay-go. So there are a lot open ends in the process that they have right now. They have told us they would attempt to commit \$20M minimum to our project under the pay-go up to \$120 M if they can fund that total. I have a lot of questions that, but I wanted to make sure that you understand the difference in where we are at.

29.01-33.28 Greg Haug, Airport Director at the Bismarck Airport: I am in support of SB 2179. I am here on behalf of the Bismarck Airport. Written testimony #4.

Chairman Burckhard: So if you're going to redo this runway over 3 years, is the runway able to be used during that time? When you do the middle 3rd, what do you do?

33.44 -35.13 Mr. Greg Haug: That is a very good question. Yes, we have a cross wind run way as well and most of the commercial service airports all have dual runways. The main runway serves the airport for about 90% of the time because of the prevailing winds, but then we also have those nasty days when the winds blowing out of the different direction and we cover that with our cross wind. We're going to do the same kind of thing here with this runway reconstruction project. We are actually going to have 3 different runway lengths through the 1st phase of this project. There is going to be times when we will have the crosswind available and a portion of our main runway and then there's going to be times when we just have a section of the rest of the main runway and then varying lengths of that main runway in the crosswind. So it is a very complex project. It's not one that we do very often and I guess that's the reason why I wanted to emphasize that in 25 years we've never had to borrow money. So, I know there is concerns from others on 2178, that the airports are going to come in and gobble up all the money. I don't know that is necessarily a fact, how often will Bismarck do it, I don't know. I can say in the last 25 years it is the first time that we've ever had a need to go and borrow money.

Senator Dotzenrod: In part of your testimony you mentioned that you're trying to finalize getting this passenger facility charge application which would be what, sort of a user fee? Does that generate over a period of a year, enough to be significant and the kind of dollar amounts you've been using here. I mean do you have an estimate of how that would fit into all these other dollar figures that you used?

35.49-37.30 Mr. Greg Haug: It is a very good question. The passenger facility charge generates at Bismarck a little over a million dollars a year. That is the funding mechanism that were going to use to pledge against bonds or financing for the project. PFC's are, they are a good funding mechanism for airports in as much as the local community can decide when and how much they want to charge to their airline passengers. It is a local funding mechanism rather than just relying completely and totally on the Airport Improvement Program through the FAA, or coming through the state. This is a local funding mechanism. Ours is set at the maximum amount right now at \$4.50 and we would continue that fee moving forward. From the federal standpoint airports had been lobbying US Congress to increase those fees because even if you just look at the cost of living increases, I think it would be about double from where it's at right now. We are hopeful, that with the new administration that maybe we'll see an increase coming in the PFC's but we just don't know. The airline lobby is pretty strong and their against it, obviously, and so, we'll have to see how that pans out moving forward.

Senator Dotzenrod: You say you're at the maximum now, so when you refer to an application, you just would be trying to continue to maintain what you've got, or are you, kind of getting prepared with the thought that if there is an authorization to go higher need you would be ready?

37.49-39.05 Mr. Greg Haug: Yes, that is correct. We actually right now in this application we have \$34 Million worth of collection in this application. Okay, we put the maximum amount in there. It is our that we won't have to fully charge out that \$34M dollars. It's to pay us back for a couple of other projects that we've already done, and then there's \$32 M dollars in it for this project. But like I said before, it's a little over a million dollars a year that we collect, that is years of collection for one project. When we're done with this project, were going to have other projects, so we're going to have a continual need for additional funds, so it's incumbent upon us as airport directors to go out and try to put together financial package that is going to work best for the airport moving forward and we can't have all our eggs in one basket. Did that answer your question sir?

39.56-44.13 Kelly Braun, Airport Manager in Dickinson, in support of SB2179. Written testimony # 5.

Senator Diane Larson: Your testimony says that this would allow the 8 commercial airports to utilize it. It doesn't limit it to the commercial ones in the language of the bill does it?

44.32-44.38 Mr. Kelly Braun: I believe it does. It is only to the big, what we the big 8 commercial airports in ND.

Senator Dotzenrod: When Mr. Haug was up here, he referred to the passenger facility charge and is there something comparable like that at all in the 8 or is there just a few that

have that, or do all these 8 commercial airports have some sort of fee that they impose on the user?

45.07-45.24 Mr. Kelly Braun: I couldn't speak specifically for each of the commercial airports but I can tell you that the Dickinson Airport does collect a passenger facility charge at its maximum amount of \$4.50 per ticket.

Senator Kannianen: So if you're anticipated project here of \$65 M, now with the federal share being below the 90% has been mentioned, now the state share from the Aeronautics Commission Grant Fund is that \$20M and obviously that is a lot more of the typical 10%, do they do that though, there is money there for that?

45.54-46.12 Mr. Kelly Braun: There is, we'll be discussing that in further detail tomorrow, during our budget hearing, but Dickinson Airport has a \$4.1M allocated to it over the next biennium for projects that we have on our AIPNCRP.

Senator Kannianen: So if it were approved for airports to utilize the Bank of North Dakota's program then, what would you apply for the full \$15M max, or just the \$4 M share, what would be an example of what you would apply for?

46.33-47.45 Mr. Kelly Braun: That is a great question. So like I said, you know the funding for these projects is very complex, so that the federal share is significantly less than the 90% that they could fund. We're looking at similar shares at 50% range, and then there is where state comes in and picks up a portion. For us over the next biennium, it would be \$4.1 M. When you look at this multi-year project, we're looking at a project that's about 5 years and our local share for that for the entire cost of that project over a 5- year period is about \$4 M dollars and this bill would allow us to work with the Bank of North Dakota, to be able to cover our local share. So we have the federal funds, the state funds, and then the airport needs to pay its share and this bill would allow us to apply for funds through the Bank of North Dakota to cover that. So we would be looking at for Dickinson, at about \$4 million dollars, 5- year time frame.

Chairman Burckhard: So we have 70,000 pound airplanes landing on runways designed for 40,000 pounds. It sounds like a pretty big problem actually.

Senator Judy Lee: Mr. Haug had mentioned the possibility of an Emergency Clause in order to in some cases to be able to take advantage of the current session upcoming for construction, I realize not everybody has anything ready to go in April but I haven't heard anyone else comment about it, does anyone have a thought about it?

48.22-48.43 Mr. Kelly Braun: Again, I can't speak for the Bismarck Airport, but Bismarck's project is critical in their time constraints and where we're at in our planning process we are in the developmental phase of our project in the Planning and Design, so there a little bit further down the road than we are.

48.47-49.10 Mr. Terry Traynor: ND Association of Counties, The county commissioners have asked me to come here and talk about these projects state wide and anything we can do to make them happen that would be great. In Support of SB 2179.

Senator Judy Lee: That 70,000 pound aircraft on 40,000 pound runways kind of remind me of semi-trucks travelling on county roads that were designed for farm to market trucks.

Mr. Terry Traynor: Now I know why when I ever landed in an airport I go bump like that I am making myself lighter.

Chairman Burckhard closed the hearing on SB 2179.

2017 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

SB 2179
1/19/2017
Job # 27143

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

MGWocke

Explanation or reason for introduction of bill/resolution:

Relating to eligible uses for infrastructure revolving loan funds.

Minutes:

Committee discussion and vote SB2179

Chairman Burckhard reconvened the committee for discussion on SB2179. All senators are present.

Senator Anderson: When we considered both of these there was really no significant opposition to 2179, I didn't hear it except Rep. Carlson indication early on that he wasn't too hot about the idea which just may mean we have a conference committee when the bill gets into the House and back. So, it is true we only spent \$39 M and my personal opinion about the airports rebuild. Nobody builds sewer or water infrastructure that's ostentatious or above what they need. But they do with airports. Those places are way beyond what we actually need and accomplish it. Maybe leaving them out would make them be a little more conservative in their planning and projects, I don't know.

Chairman Burckhard: I don't know if I know that either. I wrote down some notes from Senator Bekkedahl about the funding for that \$250 M dollar project and they were hoping to get \$150 M from the Feds, \$60 M from the state, and \$60 M from the locals. But here it sounds like the \$120 M is very sketchy, very iffy, and could happen over a long time. They don't really have a good promise of that \$120 million dollars.

Senator Diane Larson: My only comment is that whatever we do with 2179, I think we should let that stand away, that is not add it to 2178 with the amendment. They would sit in together if, that is my understanding. Your more experienced than I am in this process, but my understanding is that this is a stand-alone bill that would add this into the legislation or it would be amended. So he was trying to get it in one way or the other. That's why I would suggest that we just not consider the amendment if we vote this whichever way we vote this one.

Chairman Burckhard: The amendment was for 2178, and we're talking about 2179.

Senator Judy Lee: I don't know I am not a lawyer, however, page 1 of 2178 talks about the infrastructure revolving loan fund, it says "the purposes of this section is capital construction projects to be the following, it does not include airports which is why these folks wanted to have it added in. so if it isn't good in 2178, they can't, tell me why I am wrong, because I am happy to be corrected when I am wrong, I just don't see that because over here, we're putting in..

Senator Diane Larson: I am not saying you're wrong, but the way I picture what is happening in this and I could be mistaken too, but, to me it seems like this one (2178) they are adding some of this new or replacing existing language to expand a little bit, what they're doing with the current revolving fund. This one that talks about the revolving fund adds "it could include airports". The first one doesn't add that, this one does add it. So if we would adopt 2178, it doesn't preclude us from adding it to the same statute if we adopt 2179. That's why my suggestion was we just let 2179 stand or fall and then not add it to 2178.

Senator Howard Anderson: I think we would be not doing our complete job is we passed 2179 and 2178, because I agree with Senator Lee, that the whole Section 2, on 2179 is being deleted in 2178. So all you would have would be that is the one sentence and the rest of it would be gone now if we passed 2178. So, if we really want the airport funding in there, it should be a,b,c,d,e, on total line 24 on page 1 of 2178. If you wanted to include airports in there. That would be the responsible way to move it forward I think if we really want the airports in there. But just to pass 2179 the way it is, seems to me to be kind of messy since we have them both in the same committee at the same time.

Senator Diane Larson: So just to clarify then, you are basically suggesting that we just go ahead and kill SB2179, and then decide if we want to amend SB 2178 or not. Is that correct?

Senator Howard Anderson: That would be I would suggest if you wanted SB 2179 however, I think I am going to vote against that in spite of Senator Bekkedahl's request.

Senator Judy Lee: I am not trying to beat up on Williston or his family or any place else, that have these projects. But they got \$2.1 Billion dollars in surge money in the last session, that already applied to oil counties. \$250 M is a hay of a lot of money, for an airport and I know airports are expensive. I am not trying to abusive any of those places that are building new airports, but I am more concerned, if frankly there is some limitation to this. They seem to have as much money as they need and they can get from the Feds. But they have some limitations, too, so this is going to come out the Bank of North Dakota and we do have a limit, if I remember correctly on the amount of funds that have been used by the BND, correct? It isn't that airports aren't terribly important, but water, waste water sewer lines, water lines, transportation, storm water infrastructure, are important to me. Senator Diane Larson: I don't want them to be concerned because. Senator Judy Lee: Boy those are big airports here.

Senator Kannianen: We heard testimony about how this 2178 were passed with some more inclusive rather than restrictive language. There is a survey that 41 cities responded to with 34 of them were along, okay 78% indicated repair of existing infrastructure as their most pressing need, so then \$39 M. It was in Blake Crosby's and Senator Schaible's testimony as well. So my question would be then, if they say 2178 is passed how many of these cities then would come and apply and how much of that \$150 M, would be taken up then by this and

then, so if you were to add airports in it, there wouldn't be near enough money, would there? When the language in the current law says 'essential' infrastructure projects. I mean airports certainly don't qualify for that. I don't see how you could add airports as an amendment in there without changing essential infrastructure project as well. I guess I would agree with Senator Anderson to not include, just to not include the airport if anything it could be something separate. I don't think it should belong with the water and the sewer.

Chairman Burckhard: So we are talking about SB 2179. Do I have a motion on that?

Senator Diane Larson moved a Do Not Pass on SB 2179

2nd Senator Kannianen

Discussion:

Senator Dotzenrod: Just one more point on this, I think when Rep. Carlson was here talking at the podium, he was talking about one of the problems that they have with funding these projects in the smaller subdivisions, smaller towns, is that if they go through the normal bonding process, the share of the percentage share of the cost of the project its gets taken up with the legal and the closing and the bonding project. The paperwork and getting the bonds issued and all of that, because it's a fairly significant share, the larger share, of the projects so one of the advantages that these smaller projects, water projects and sewer projects, is that these communities can come in and get this done. They will save a little bit on the interest rate, but they will also save on having that bonding cost. Now on a bigger project I think the bonding is still a cost, but I think it gets spread out, percentage wise a biggest share. Issuing bonds on small projects gets to be a quite a burdensome extra costs that they have to deal with. That is one of the things I like about using this money on these smaller projects for these many communities that we have.

Chairman Burckhard: I recall one of the reasons for 2178, was that because the roads in Williston were pretty new. The water and infrastructure project and now they have new or existing. Right, so it's more likely to be utilized.

Senator Judy Lee: One more thing, Terry Traynor stepped up at the end, because he was someplace else, but I think it's a big deal to think about the fact that the counties would also be eligible to apply. We have so many roads that used to be black top, that now are graveled, because of flood and water damage, that plus the fact that farm trucks now are very different from the way they were when I was a kid. So the load on those roads is just wearing and all here know that, so I would rather leave it to the rural areas. I might point out when you live in any metro area are paying the county road tax and we don't get one nickel from the money we pay into the county road tax. It goes for rural roads, so we pay some special assessments of cost to our city streets. I am okay with that, because I think those farm to market roads are really important but I am just saying, the fact of the inequity that exists as well that we just pick up part of the cost of doing business. But I think it is very important what Terry mentioned that we would be able to look at that for the transportation infrastructure in some of these rural areas and I think we could suck up all the rest of the money just in a county road request over and above what might be necessary in some of these other areas. What do you think, Senator Anderson?

Chairman Burckhard: The motion in on 2179.

Senator Judy Lee: I know that but that's what I am saying. I don't think there is any room for the airports.

Chairman Burckhard: We've got a motion and a second to do not pass SB 2179.

Roll call vote: 6 Yea, 0 No, 0 Absent

Carrier: Senator Anderson

Date: 1.19.17
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2179

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Diane Larson Seconded By Sen. Kannianen

Senators	Yes	No	Senators	Yes	No
Chairman Randy Burckhard	✓		Senator Jim Dotzenrod	✓	
Vice-Chairman Howard Anderson	✓				
Senator Jordan Kannianen	✓				
Senator Diane Larson	✓				
Senator Judy Lee	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Howard Anderson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2179: Political Subdivisions Committee (Sen. Burckhard, Chairman) recommends
DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2179 was
placed on the Eleventh order on the calendar.

2017 TESTIMONY

SB 2179

SB 2179
1-19-17
#1 p 11

Senate Political Subdivisions Committee
Honorable Senator Randall Burckhard, Chairman
Senate Bill 2179
Testimony by Senator Brad Bekkedahl

January 19, 2017

Chairman Burckhard and Committee,

Senate bill 2179 is a bill to amend the infrastructure revolving loan fund (HB 1443) as passed by the 2015 Legislative Session. HB 1443 established a revolving loan fund for new infrastructure financing for communities. It was originally funded with \$100 million from the Bank of North Dakota and \$50 million from SIIF proceeds. The interest rate is capped at 2% and the maximum loan amount is \$15 million per project. All projects have to be approved with revenue sources for repayment by the Bank of North Dakota.

The request before your Committee today is to consider SB 2179, which simply adds language to the eligible projects lists in the original bill to include commercial airport construction projects. The eight airports that have scheduled air service operations provide critical transportation infrastructure that connects our residents and businesses to the world. These airports have aging infrastructure at a time when they have seen record growth, and many are in current expansion projects or planning for them in the next 1-10 years. Our current Williston airport is undergoing construction this spring for a new relocated airport to handle current and future air traffic. It is a \$250 million project that has been under planning with the FAA for 7 years, and requires Federal, State, and Local funding. Kyle Wanner, Executive Director of the State Aeronautics Commission will present more detailed information about the needs in his testimony. The cities and airport authorities responsible for these projects would benefit tremendously by allowing consideration for this state revolving loan fund with lower financing costs, ultimately lowering total project expenditures.

With respect to the available lending balance in this fund, a report from Legislative Council on January 17, 2017 reveals \$38.9 million of the \$150 million committed to loans. With the funding caps in place, it is not anticipated that adding airports, if they apply and are accepted for funding, will drain all the funds that also fund community infrastructure projects.

SB 2179

1.19.17

1.

P 2/2

I appreciate the committee's attention to this testimony, and your consideration of SB 2179. I stand now for any questions the committee may have, and will remain for following testimony as well.

SB.2179
1-19-17
test #2
Kyle Wanner
p. 1/4

TESTIMONY OF
KYLE C. WANNER
EXECUTIVE DIRECTOR, NORTH DAKOTA AERONAUTICS COMMISSION
BEFORE THE
SENATE POLITICAL SUBDIVISIONS COMMITTEE
JANUARY 19TH, 2017
SENATE BILL 2179

Chairman Burckhardt and members of the committee, my name is Kyle Wanner and I am the Director of the North Dakota Aeronautics Commission and will be providing testimony today in support of Senate Bill 2179.

North Dakota currently has eight commercial service airports that provide jet service that help to connect our residents and businesses to the global market. A recent economic impact study that was conducted by our agency in 2015 concluded that these eight commercial service airports provide over a 1.4 billion economic impact within our state and contribute to the creation of over 11,000 jobs. Our airports are critical economic engines for our communities, however this critical infrastructure and economic benefit comes at a continual maintenance and improvement cost. According to our most recent pavement inventory analysis study, our eight commercial service airports have over 31 million square feet of pavement that they need to maintain. This is more pavement than the 63 paved general aviation airports combined.

Knowing that projects and airport upgrades are ongoing, the North Dakota Aeronautics Commission staff meets continually with the public use airports in the state to review their capital improvement plans. Throughout this process, projects are identified and cost estimates are submitted so that the agency can calculate the total amount of project requests that exist within the system. The agency can then work with the federal government and each local airport to identify and prioritize the projects. There is always the understanding that we will not be able to accommodate all identified projects, but this process ensures that we find the best and most justified projects. In our most recent statewide capital improvement plan update, we have found that over \$487 million dollars of projects exist at our eight commercial service airports that could take place in the next 5 years and an additional \$184 million that exist in the following 5 years. A detailed breakdown of these identified projects was included with this testimony.

Finding the dollars to pay for critical infrastructure improvements can be difficult for airports. Federal grants can be provided up to a 90% level on certain projects and if the local cost share is not available to accept the federal grant, then the communities could be in danger of losing federal funds and their critical airport projects. Our commercial service airports need to have the flexibility to be able to raise an adequate amount of local funds for their projects.

The language in Senate Bill 2179 that would allow the commercial service airports to access the infrastructure revolving loan fund would be an incredible benefit to these airports and their

SB 2179

1.19.17

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communities to ensure their local financial cost share is met. Funding flexibility is incredibly important to ensure that our airports leverage federal funding to its highest potential and so that we are able to move forward with key infrastructure projects when it makes the most sense to do so.

I also acknowledge and understand that the previous bill that you had a hearing on – Senate Bill 2178 did not include allowing the commercial service airports access to this loan fund. I would ask that you include the language from this bill - Senate Bill 2179 in the approved version that you send on to the House.

On behalf of the Aeronautics Commission, I appreciate your support of this bill.

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2017 - 2019 CIP / NPIAS PLANNING REPORT

FAA / State National Plan of Integrated Airport System (NPIAS) General Aviation and Commercial Service Program

This report reflects a snapshot of the State Wide Capital Improvement Program (CIP) for Public Airports in North Dakota as of January 3rd, 2017. The actual CIP data changes continually as projects come under contract, change scope, or are abandoned.

NDAC Priority - The higher the number, the higher the priority on a scale of: 10 - 57

FAA Priority - The higher the number, the higher the priority on a scale of: 0 - 97

	AIRPORT	PROJECT	NDAC Priority	FAA Priority	Identified Infrastructure Projects (Thousands)	
					1 to 5 Yrs.	6 to 10 Yrs.
1	Fargo FAR	Taxiway A Reconstruction (Twy C to Rwy 18)	45	64	7150	
		SRE Building Expansion ('18) / SRE Equipment	32	36	1450	750
		Rwy 18/36 CL/TDZ Lighting	56	45	1350	
		Cargo Apron Expansion	44	38	2250	
		Pavement Rehabilitation	56	66	450	1000
		Terminal Building Expan. (Gate 6)	31	93	4500	
		Terminal Apron Reconstruction	54	47		8000
		Rwy 18L/36R EA, Design, Construction	26	49		8350
		Rwy 9/27 Ext./Widening / Par. Txy EA, Design, Construc.	46	51		21350
		North GA Taxiway Extensions / East GA Expansion	45	38		3000
		Parking Lot Expansion	23	27		2000
		Twy D Reconstruction	45	38		3500
2	Bismarck BIS	Wetland Mitigation - Phase 5- 6 / Drainage Improv.	31	59	3000	
		GA Apron Expansion	44	64	2000	2000
		Rehabilitate Rwy 13/31 / Phase II Grant App - '17	56	70	60000	
		Rehabilitate Rwy 03/21	56	66	5000	
		Rehabilitate Taxiway D	56	64	4000	
		Relocate Yegen Road	32	50		5000
		EA / RPZ Land Purchase	41	44	2000	
		Expand SRE & ARFF Building	31	46	3000	
		Commercial Terminal Building Update/Expansion	31	93	1500	4000
		Snow Removal / ARFF Equipment	32	70	2000	1000
3	Grand Forks GFK	Rwy 17R/35L, Txy A Light. Rehab. (Design '17, Const. '18)	56	45	3200	
		Master Plan/ALP Update, Exhibit A, Reimbursem. 2015 Grant	31	42	60	
		Twy U Reconstruction (Design and Construct. '17)	45	64	1400	
		Rwy 17R/35L Reconstruct (EA '19, Design '20, Const. '21)	56	54	38550	
		West GA Taxiway/Taxiway Construction	45	38	1300	
		Terminal Apron Expan. Design and Construct.	44	38		8750
		ARFF Truck	32	36		850
		Taxiway/Taxiways Old Terminal Area, Design	45	38		150
		Rwy 9L/27R Exten. Design and Construct	46	56		41100
4	Minot MOT	ARFF Station Rehab (Design '17)	12	36	2800	
		Wildlife Hazard Mitigation (EA '18)	31	66	300	
		Storm Water Pond - (EA '17)	31	66	3700	
		GA Apron Rehap (North - '18, South '19 & '20)	54	55	3000	
		Purchase SRE Equipment	32	36	3300	500
		Purchase ARFF Truck	52	36	850	300
		Taxiway B Rehab	45	38	5200	
		Replace/Upgrade Airfield Security Fence	31	83	3000	
		Pavement Maintenance (RTA, RCF, Seal), Remarking	56	68	500	1000
		Runway 8/26 Reconstruction (Design '21)	56	66		20000

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2017 - 2019 CIP / NPIAS PLANNING REPORT**FAA / State National Plan of Integrated Airport System (NPIAS) General Aviation and Commercial Service Program**

This report reflects a snapshot of the State Wide Capital Improvement Program (CIP) for Public Airports in North Dakota as of January 3rd, 2017. The actual CIP data changes continually as projects come under contract, change scope, or are abandoned.

NDAC Priority - The higher the number, the higher the priority on a scale of: 10 - 57

FAA Priority - The higher the number, the higher the priority on a scale of: 0 - 97

					Identified Infrastructure Projects (Thousands)	
	AIRPORT	PROJECT	NDAC Priority	FAA Priority	1 to 5 Yrs.	6 to 10 Yrs.
5	Jamestown JMS	Pavement Maintenance (RTA,RCF, Seal), Remarking	56	66	350	400
		Rwy 4/22 Rehabilitation (Design '17, Const. '18)	56	66	3550	
		West Taxiway Reconstruction	45	64	250	
		Purchase SRE Plow Truck	32	36	375	
		Parking Lot Expansion	23	27	125	
		Taxiway A, B, C, D, E Rehabilita. (Design '20, Const. '21)	45	64	3200	
		Terminal Apron Rehabilitation	44	55		1000
	W. Industrial Park Infrastr. Improv. (D. '23, C. '24-'25)	11			3025	
6	Williston ISN / XWA	Design Airport Infrastructure	41	52	15000	
		Construct Terminal Building	33	40	60000	
		Construct SRE/ARFF/Parking Lot/Access Rd	32	48	30000	
		WHA / Navaid Reimbursable	41	64	3000	
		Construct Security Fence	31	57	2000	
		Construct Airport Pavement, Lighting	56	65	90000	5000
		Construct Roadway/Infrastructure to Airport	31	23	10000	
		Construct Airport Security System	31	31	1000	
	SRE	32	45	1200	800	
	FBO & Hangars/Fuel Facilities	33	21	1000	2000	
7	Devils Lake DVL	Rwy 3/21, Taxiway A1/A2 Rehabilitation, Apron Reconfig.	56	66	1500	
		SRE Equipment	32	36	150	300
		Land Acquisition (Relocate Building)	41	42	500	
		Apron Reconstruction ('21 Design, '22 Construction)	44	55	100	1500
		Rwy 13/31 Rehabilitation	56	66		2000
		Security Upgrades/Access Control System	42			300
		Emergency Generator	32			200
		GA Apron Lighting	31			100
		GA Hangar	12	29		500
	Deicing Containment Facility	22			200	
8	Dickinson DIK	Terminal Design and Construction	33	45	30000	
		Land Acq./Design/Reconstruct Runway 14/32	56	68	45000	
		Construct Parallel Taxiway/Taxiway B Improvements	45	64	17000	
		EA & Runway Maintenance	56	68	4000	300
		Terminal Access and Parking Lot	31	40		9000
		Install Wildlife Fence	31	57	600	
		ARFF Truck / ARFF Building Expansion	32	41		2500
		Construct Commercial Service Apron	44	47		9000
		Construct bxy for hangars / Access Road	55	66		5000
		Crosswind Parallel Taxiway	45	61		3000
		Onsite Water Tank and Sanitary System	31	-		3000
	SRE/SRE Building Expansion	32	45	1000	3000	
TOTAL COMMERCIAL SERVICE AIRPORT NEEDS					487,710	184,725

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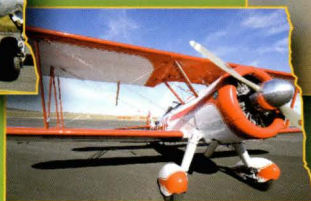
p. 1-15



The logo features a stylized blue bird in flight above a yellow sun and green hills, all enclosed within a white semi-circle with a green border. Below this graphic, the text "North Dakota" is written in a large, blue, cursive font, and "STATEWIDE AVIATION ECONOMIC IMPACT STUDY" is written in a smaller, blue, sans-serif font.

North Dakota

STATEWIDE AVIATION ECONOMIC IMPACT STUDY



STATEWIDE ECONOMIC IMPACT OF AVIATION IN NORTH DAKOTA



2015 Executive Summary

INTRODUCTION

North Dakota's economy has recently undergone significant growth, driven primarily by energy exploration, production, and transportation. Airports in North Dakota are essential to supporting the state's economy. The state's economic growth has resulted in increased activity at many North Dakota airports. This increased activity has resulted in the growth of economic benefits that airports provide to the communities they serve.

North Dakota airports have responded to increased aviation activity generated by recent economic growth. More visitors flying for business are using commercial airports and are flying to the state on general aviation planes. Visitors to North Dakota are staying longer and spending more. Flights by larger and more demanding general aviation business jets have increased at many airports. General aviation planes connect North Dakota to business centers throughout the country.

Since statewide economic impacts were last measured in 2010:

- Annual economic benefits from public-use airports in North Dakota and the activities they support have increased 47%.
- Jobs supported by North Dakota airports have grown from 8,872 to 12,217, an increase of 3,345 jobs.
- Annual state and local sales tax revenues for airports and airport supported activities have increased from \$31.1 million to over \$60 million.
- Visitors coming to North Dakota each year on general aviation aircraft or commercial airline flights have grown from 545,300 to 915,290.



Airports Have Expanded Existing Facilities

Minot International is constructing a new passenger terminal. Passenger boardings have increased from 90,820 (2010) to 222,144 (2014) a 145% increase.

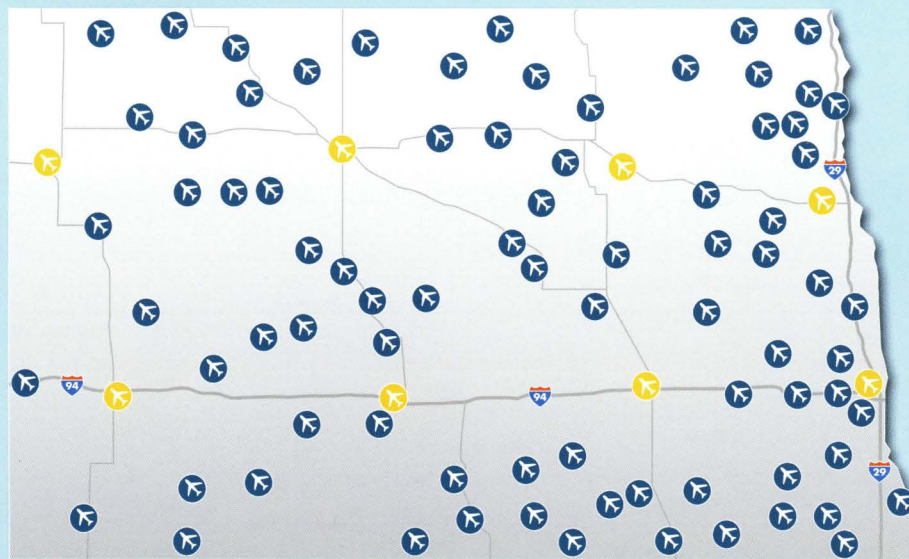
Airports Have Built New Facilities

Bowman recently constructed a new airport with a runway of 5,700 feet. This length enables larger business jets to reach the community.

Additional Aviation Businesses Have Been Attracted

Increased activity at the Tioga Municipal Airport attracted Tioga Aero Center in 2014. This aircraft service provider offers fuel, storage, maintenance, and ground transportation.

North Dakota Public-Use Airports

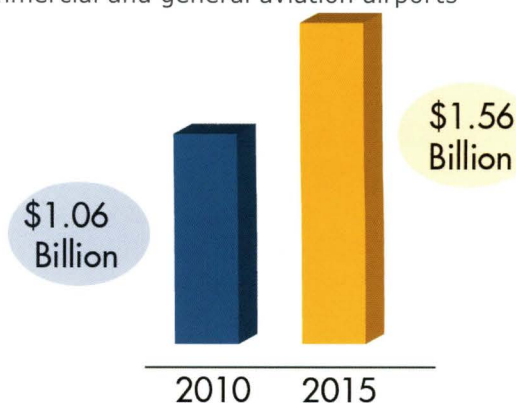


 81 General Aviation Airports  8 Commercial Service Airports

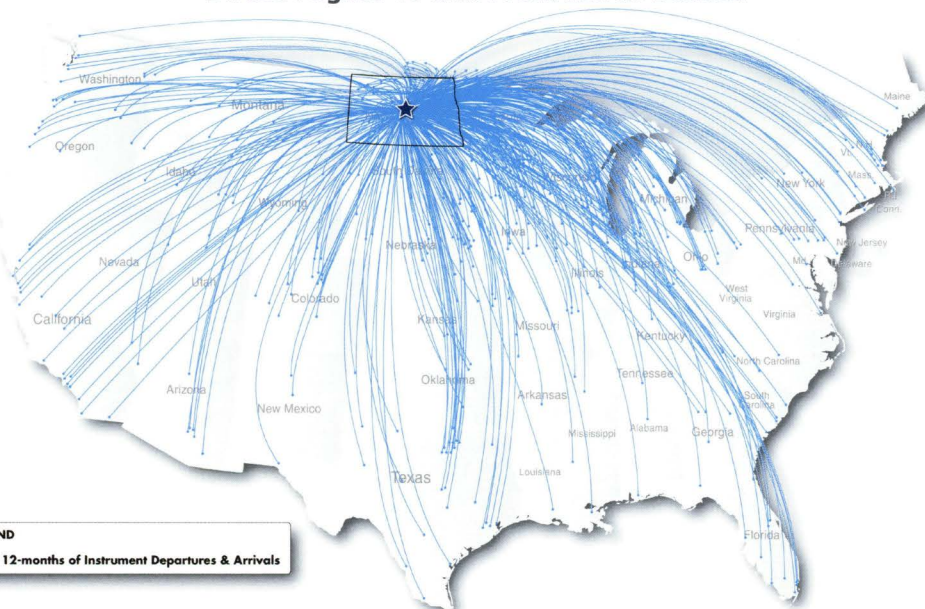
This report, authorized by the North Dakota Aeronautics Commission (NDAC), summarizes how growth at North Dakota's eight commercial service and 81 general aviation airports translates into higher annual economic impacts for the communities these airports serve and for the state. More detailed information on the study is available from the NDAC.

Change in Annual Airport Related Economic Impacts

When the economic impact of North Dakota's airport system was last measured in a study released in 2010, the total annual economic impact of commercial and general aviation airports was measured at \$1.06 billion. Just five years later, the total annual economic impact for the commercial and general aviation airports has increased to \$1.56 billion—a **47% increase.**



Business Connections Direct Flights To and From North Dakota



North Dakota airports connect the state to business centers throughout the U.S. This map shows recorded instrument flight rule (IFR) arrivals and departures to the state over the last 12 months—most of these flights were on general aviation aircraft. According to FAA data, non-stop flights represent only 3% of all aircraft arrivals and departures to North Dakota airports over the past 12 months. This map clearly shows the important role that airports play in providing the transportation infrastructure that has supported the state's recent economic growth.

SOURCES OF AIRPORT ECONOMIC IMPACTS

For NDAC's statewide study for commercial service and general aviation airports, annual economic impacts were measured for **five** economic activity centers.

Economic Activity Centers

Airport Management	Activities undertaken by airport employees to operate the airport on a daily basis.
Airport Tenants	Aviation-related businesses that provide airport, aircraft, or customer services.
Capital Improvement Spending	Average annual investment made to maintain, improve, or expand an airport.
Commercial Visitor Spending	Spending by visitors to North Dakota who arrive by air that supports hotels, restaurants, and other visitor-related activities.
General Aviation Visitor Spending	

5 Sources of Economic Impacts

On-Airport

- 1 Airport Management
- 2 Aviation-Related Tenants / Businesses
- 3 Investment for Capital Improvements

Off-Airport

- 4 Visitors Arriving on Commercial Airlines
- 5 Visitors Arriving on General Aviation Aircraft



Measurements of Economic Impacts



For each of these five categories, annual economic impacts were measured for jobs, payroll, and output. While employment and payroll measures are easy to understand, output is more complex. Output for airport management and airport tenants is generally equal to the purchase of goods and services needed by these two groups to support their operations or to run their businesses.

Output for capital improvement investment is equal to the average annual amount actually spent by federal, state, local, and private contributors to maintain and improve the airports. The annual spending of visitors in North Dakota is equal to direct output in the visitor category.

2015 TOTAL STATEWIDE ECONOMIC IMPACTS

NDAC's statewide economic impact study estimated annual economic impacts for each of the five activity centers. It is important to understand that impacts shown in this report represent a "snapshot in time," reflecting conditions at North Dakota airports when the study was prepared in the 2014/2015 time frame. While economic impacts from airport management, airport tenants, and visitor spending can change year-to-year, economic impacts from capital investment have a higher propensity to change between reporting periods.

Remaining portions of the summary provide more detail on economic impacts for each category and a general overview of the methodology used to complete the economic impact analysis. Other economic benefits associated with aviation and aerospace in North Dakota are also presented.

	TOTAL EMPLOYMENT	TOTAL PAYROLL	TOTAL OUTPUT
Total Airport Management	232	\$13.4 million	\$85.5 million
Total Airport Tenants	4,207	\$223.9 million	\$626.7 million
Total Capital Investments	1,156	\$63.5 million	\$173.0 million
Total General Aviation Visitors	854	\$26.9 million	\$101.1 million
Total Commercial Visitors	5,768	\$177.6 million	\$578.1 million
Total Statewide Annual Impacts	12,217	\$505.2 million	\$1.56 billion

Estimates Include Total Statewide Direct and Indirect Impacts

Total Annual Statewide Economic Impacts



Employment

Jobs related to airport management, airport tenants, capital investment at airports, and visitor spending

12,217 jobs



Payroll

Annual payroll associated with these jobs

\$505.2 million



Output

Annual economic output for five activity centers

\$1.56 billion



ECONOMIC IMPACT METHODOLOGY

Airport-related economic impacts measured in this study came from five sources: airport management, airport tenants, capital improvement spending, spending from visitors arriving on commercial airlines, and spending from visitors arriving on general aviation aircraft. For each of these five categories, economic impacts are estimated for jobs, annual payroll, and annual output.

For each impact category and each measurement, the process to estimate total economic impacts starts with estimating “direct” impacts. Once direct impacts for jobs, payroll, or output enter the North Dakota economy, other successive waves of economic impact occur. These additional impacts are “indirect impacts” but are sometimes more commonly referred to as “multiplier” impacts. Together, direct and indirect impacts equal total annual economic impact for individual airports and the state. The following pages discuss economic impacts for the five activity centers.



Indirect Impact Example

Sam is employed by the airport. This week when Sam receives his pay from the airport, he takes his “direct” salary and pays a baby sitter, takes the family dog to the vet and pays for their services, and pays a teacher for his daughter’s piano lesson. Direct payroll that started at the airport has now entered the economy of the community where Sam lives. As this example shows, Sam’s “direct” airport job and pay help to support other “indirect” jobs, payroll, and output for the babysitter, the vet, and the piano teacher. In this study, the IMPLAN model*, with data sets specific to North Dakota, was used to estimate all indirect economic impacts in the employment, payroll, and output categories.

* Information on the IMPLAN model is available in the study’s technical report

Impact Measures

For this report, economic impacts are expressed in terms of jobs, payroll, and total annual economic output. Each of these measures include the direct, indirect, and total impacts.



ANNUAL ECONOMIC IMPACTS FROM AIRPORT MANAGEMENT

Throughout North Dakota people are employed to manage, operate, and maintain the eight large commercial service airports and the 81 general aviation airports. These employees can be full-time, part-time, or seasonal. Interviews conducted for this study show that most often employees in the airport management function are located at the airport, but sometimes the airport management employees work in off-airport locations.

To translate part-time and seasonal jobs into full-time positions, each airport furnished information on the number of hours part-time employees work specifically to support the airport. This information provides a more accurate means to estimate how the part-time and seasonal workforce contributes to the full-time employment at each airport.

As part of this study, extensive outreach with airport managers throughout North Dakota was completed to gather information on direct employment, payroll, and annual purchases for goods and services (output) needed to run each airport. Many times, airport managers were interviewed in person, especially at the commercial service airports and larger general aviation airports. Airport managers also played an important role in this study, verifying direct economic impacts for their airport for all five impact categories. Airport Management statewide annual economic impacts, which include the direct and indirect impacts for all study airports, are shown in the accompanying table.

Airport Management



Employment

232 jobs



Annual Payroll

\$13.4 million



Annual Output

\$85.5 million



Total Annual Statewide Economic Impact Airport Management

EMPLOYMENT

• Direct	154
• Indirect	78
• Total	232

PAYROLL

• Direct	\$9.6 million
• Indirect	\$3.8 million
• Total	\$13.4 million

OUTPUT

• Direct	\$56.2 million
• Indirect	\$29.3 million
• Total	\$85.5 million

ANNUAL ECONOMIC IMPACTS FROM AIRPORT TENANTS

There are many types of aviation-related businesses that operate at study airports. These businesses provide various types of aviation-related services to support aircraft and airport customers. Examples of airport tenants include, but are not limited to: Fixed Based Operators (FBOs); aircraft maintenance providers; aircraft charter, rental, and sales companies; air ambulance operators; aerial applicators; military units located at civilian airports; air cargo companies; ground transportation providers; flight schools; airlines; and corporate flight departments. Airport tenants who are not aviation-related are not included in this analysis.

For this study, all airport managers provided contact information for their aviation-related tenants. All tenants were contacted directly to obtain information on their full-time, part-time, and seasonal employment; annual payroll; and annual operating expenses (output). Tenants at North Dakota's airports were the primary source of direct impacts reported in this category. Indirect impacts (multiplier) for all airport tenant employment, payroll, and output were estimated using the IMPLAN model. Total statewide annual economic impacts for airport tenants are shown below.

Airport Tenants



Employment

4,207 jobs



Annual Payroll

\$223.9 million



Annual Output

\$626.7 million

Total Annual Statewide Economic Impact Airport Tenants

EMPLOYMENT

• Direct	2,738
• Indirect	1,469
• Total	4,207

PAYROLL

• Direct	\$150.5 million
• Indirect	\$73.4 million
• Total	\$223.9 million

OUTPUT

• Direct	\$408.3 million
• Indirect	\$218.4 million
• Total	\$626.7 million

Source: North Dakota Airport Tenants



ANNUAL ECONOMIC IMPACTS FROM CAPITAL INVESTMENT

Each year, federal, state, local, and private funds are invested to maintain, improve, and expand public-use airports in North Dakota. For each of the last three years, this combined investment has reach almost \$100 million per year. Recently, the North Dakota Legislature, FAA, and some local communities responded to growing airport infrastructure needs by allocating additional funds to help North Dakota's airports keep pace with the state's surging economy. Direct output in the capital investment category supports additional jobs and the payroll associated with those jobs, which were estimated with IMPLAN.

Economic impacts related to capital investment only exist when actual spending is taking place. Once a project is finished, employment, payroll, and output impacts in this category cease. When capital investment at an airport changes significantly, economic impacts stemming from this activity center also change.

To estimate economic impacts related to capital investment, a three-year average for annual capital investment at each study airport was developed. Information for airport-specific capital investment was provided by NDAC, FAA, study airports, and tenants at various airports. For this economic activity center, annual capital investment for each study airport is equal to its direct annual output. Based on estimated average annual investment, IMPLAN provides ratios which are used to estimate "direct" jobs and payroll supported by direct output, in this case average annual capital investment. IMPLAN also estimates "indirect" impacts associated with each capital investment impact measure: employment, payroll, and output provided by NDAC, FAA, airports, and tenants.

Average Annual Capital Investment



Employment

1,156 jobs



Annual Payroll

\$63.5 million



Annual Output

\$173.0 million



Total Annual Statewide Economic Impact Capital Investments

EMPLOYMENT

• Direct	534
• Indirect	622
• Total	1,156

PAYROLL

• Direct	\$39.8 million
• Indirect	\$23.7 million
• Total	\$63.5 million

OUTPUT

• Direct	\$99.4 million
• Indirect	\$73.6 million
• Total	\$173.0 million

Source: Airport Managers, Tenants, NDAC, FAA, IMPLAN

ANNUAL ECONOMIC IMPACTS FROM COMMERCIAL AND GENERAL AVIATION VISITOR SPENDING

North Dakota's economic growth has resulted in more visitors, particularly business-related visitors, arriving to the state by air. These visitors are staying longer and spending more. Estimates of visitors arriving in North Dakota on a commercial airline were developed using each airport's annual enplaned passengers and information from USDOT on the portion of these enplanements that are residents versus visitors.

The process to develop estimates of visitors arriving on general aviation aircraft was much more complex and involved several rounds of input from study airports and NDAC staff. Estimates developed in this study of visitors arriving on general aviation aircraft were individualized for each commercial and general aviation airport.

According to airport and USDOT information, an estimated 533,112 visitors arrive annually in North Dakota on commercial airline flights, and 382,177 visitors arrive on general aviation aircraft. Once in North Dakota, visitors have expenditures for items such as lodging, food, entertainment, retail, and ground transportation services. To capture specific visitor spending patterns on a per trip basis, visitors completed more than 4,000 surveys. These surveys were completed with assistance from airports throughout North Dakota. Using survey information, airport-specific estimates for spending per visitor trip were developed. It is important to note that a high percentage of visitors who come to North Dakota on general aviation aircraft do not spend the night. Some business visitors specifically use general aviation aircraft for travel so that they can shorten the length of their trip.

Similar to capital investment, annual "direct output" for the visitor category is equal to annual visitor spending. Once direct visitor spending was estimated, IMPLAN was used to estimate the number of direct jobs and payroll that direct visitor spending supports. The following table shows estimated annual economic impacts for the general aviation visitor category. It is important to note that visitors traveling to North Dakota on general aviation aircraft arrive at both commercial and general aviation airports.

General Aviation Visitor Spending

EMPLOYMENT

• Direct	619
• Indirect	235
• Total	854

PAYROLL

• Direct	\$16.3 million
• Indirect	\$10.5 million
• Total	\$26.9 million

OUTPUT

• Direct	\$64.0 million
• Indirect	\$37.1 million
• Total	\$101.1 million

Source: Airport Managers, Surveys, and IMPLAN



General Aviation Visitor Spending



Employment

854 jobs



Annual Payroll

\$26.9 million



Annual Output

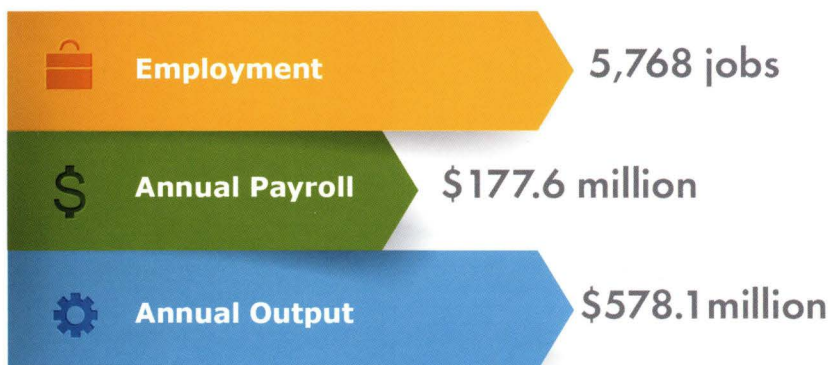
\$101.1 million

North Dakota's economic growth has attracted a growing number of visitors. These visitors arrive on commercial airline flights and on general aviation aircraft.

Not only are more visitors coming to North Dakota—these visitors are staying longer and spending more. The Annual and Average Spending Per Trip graphic shows, on a per trip basis, the average spending of visitors arriving on general aviation aircraft and on commercial airlines. It also shows how spending on a per trip basis for both types of visitors has increased since 2010.



Commercial Visitor Spending



Commercial Visitor Spending

EMPLOYMENT

• Direct	4,151
• Indirect	1,617
• Total	5,768

PAYROLL

• Direct	\$105.4 million
• Indirect	\$72.2 million
• Total	\$177.6 million

OUTPUT

• Direct	\$360.9 million
• Indirect	\$217.2 million
• Total	\$578.1 million

Source: Surveys and IMPLAN

Spending per Commercial Visitor Trip

	ANNUAL COMMERCIAL VISITORS	TOTAL VISITOR SPENDING	SPENDING PER TRIP
Bismarck	110,342	\$68.8 million	\$624
Devils Lake	1,890	\$0.70 million	\$374
Dickinson	25,891	\$15.80 million	\$612
Fargo	179,539	\$96.10 million	\$535
Grand Forks	62,824	\$35.10 million	\$558
Jamestown	3,542	\$1.40 million	\$400
Minot	95,669	\$80.90 million	\$846
Williston	53,415	\$61.90 million	\$1,160

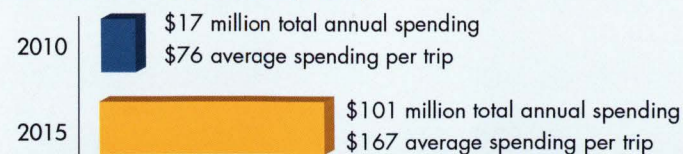
Residents and visitors comprise the annual passenger boardings; this table shows only visitor related boardings for each commercial airport.

Increase in North Dakota Air Visitors

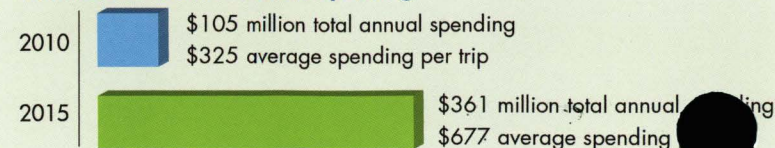
	2010	2015	Increase
General Aviation Visitors	222,318	382,177	72%
Commercial Visitors	322,983	533,112	65%

Annual and Average Spending Per Trip

General Aviation Visitors Spending



Commercial Aviation Visitors Spending



INDIVIDUAL AIRPORT ECONOMIC IMPACTS

This table presents current total annual economic impacts for each study airport. These estimates reflect total impacts, both direct and indirect, for airport management, airport tenants, capital investment, and all visitor-related spending. More information on impacts for individual airports is available in the study's technical report.

For the employment category, the table also shows how direct and indirect jobs contribute to total employment for each airport. **It is important to remember that direct jobs presented here come from as many as five activity centers. Indirect employment shown for each airport was estimated using the IMPLAN model.** Together, direct and indirect impacts represent the total employment impacts reported for each airport.

CITY	AIRPORT NAME	EMPLOYMENT			TOTAL PAYROLL	TOTAL OUTPUT
		Direct	Indirect	Total		
Bismarck	Bismarck Municipal	1,301	825	2,126	\$86,510,312	\$279,744,887
Devils Lake	Devils Lake Regional	59	30	89	\$4,013,851	\$11,811,488
Dickinson	Dickinson-Theodore Roosevelt Regional	314	161	475	\$20,322,935	\$76,618,095
Fargo	Hector International	2,391	962	3,353	\$142,166,337	\$387,465,584
Grand Forks	Grand Forks International	1,147	522	1,669	\$73,622,396	\$199,368,171
Jamestown	Jamestown Regional	65	55	120	\$4,797,458	\$24,425,703
Minot	Minot International	1,357	628	1,985	\$74,678,827	\$254,598,258
Williston	Sloulin Field International	1,004	470	1,474	\$57,256,315	\$209,047,988
Total Commercial Airports Impacts		7,638	3,653	11,291	\$463,368,431	\$1,443,080,174
Arthur	Arthur	0	0	0	\$0	\$23,250
Ashley	Ashley Municipal	13	4	17	\$806,986	\$2,382,031
Beach	Beach	6	7	13	\$283,851	\$656,324
Beulah	Beulah	10	3	13	\$625,781	\$1,708,123
Bottineau	Bottineau Municipal	7	3	10	\$522,677	\$1,546,789
Bowbells	Bowbells Municipal	0	0	0	\$0	\$8,200
Bowman	Bowman Regional	40	44	84	\$4,546,230	\$11,879,439
Cando	Cando Municipal	6	8	14	\$448,730	\$1,821,461
Carrington	Carrington Municipal	9	5	14	\$471,458	\$1,586,478
Casselton	Casselton Robert Miller Regional	32	23	55	\$2,192,020	\$5,610,341
Cavalier	Cavalier Municipal	10	4	14	\$573,265	\$1,933,077
Columbus	Columbus Municipal	0	0	0	\$0	\$3,000
Cooperstown	Cooperstown Municipal	2	1	3	\$129,618	\$431,500

CITY	AIRPORT NAME	EMPLOYMENT			TOTAL PAYROLL	TOTAL OUTPUT
		Direct	Indirect	Total		
Crosby	Crosby Municipal	6	7	13	\$452,141	\$1,473,286
Drayton	Drayton Municipal	1	0	1	\$64,809	\$185,378
Dunseith	International Peace Garden	<1	0	<1	\$0	\$69,753
Edgeley	Edgeley Municipal	5	4	9	\$408,353	\$1,261,884
Elgin	Elgin Municipal	0	0	0	\$0	\$3,625
Ellendale	Ellendale Municipal	4	5	9	\$246,800	\$1,031,194
Enderlin	Sky Haven	0	0	0	\$0	\$72,892
Fessenden	Fessenden-Streibel Municipal	5	2	7	\$336,038	\$874,424
Fort Yates	Standing Rock	<1	0	<1	\$0	\$7,133
Gackle	Gackle Municipal	<1	0	<1	\$0	\$7,686
Garrison	Garrison Municipal	4	2	6	\$302,006	\$819,976
Glen Ullin	Glen Ullin Regional	1	1	2	\$123,212	\$353,985
Grafton	Hutson Field	12	7	19	\$846,433	\$2,337,041
Gwinner	Gwinner-Roger Melroe Field	13	14	27	\$1,168,122	\$3,701,214
Harvey	Harvey Municipal	4	1	5	\$236,927	\$702,922
Hazleton	Hazleton Municipal	0	0	0	\$0	\$23,250
Hazen	Mercer County Regional	3	1	4	\$145,456	\$557,298
Hettinger	Hettinger Municipal	13	7	20	\$955,530	\$2,693,237
Hillsboro	Hillsboro Regional	18	6	24	\$887,146	\$2,922,895
Kenmare	Kenmare Municipal	17	9	26	\$1,301,723	\$3,034,219
Killdeer	Dunn County Airport - Weydahl Field	11	13	24	\$1,564,863	\$3,065,201
Kindred	Robert Odegard Field	7	2	9	\$340,000	\$3,626,376
Kulm	Kulm Municipal	2	1	3	\$150,000	\$270,422

CITY	AIRPORT NAME	EMPLOYMENT			TOTAL PAYROLL	TOTAL OUTPUT
		Direct	Indirect	Total		
Lakota	Lakota Municipal	0	0	0	\$0	\$131,082
LaMoure	LaMoure Rott Municipal	2	1	3	\$129,618	\$361,906
Langdon	Robertson Field	5	4	9	\$289,506	\$1,053,010
Larimore	Larimore Municipal	9	3	12	\$507,389	\$1,886,989
Leeds	Leeds Municipal	1	1	2	\$70,700	\$225,343
Lidgerwood	Lidgerwood Municipal	0	0	0	\$0	\$9,443
Linton	Linton Municipal	9	3	12	\$508,504	\$1,589,613
Lisbon	Lisbon Municipal	3	2	5	\$311,872	\$699,239
Maddock	Maddock Municipal	7	5	12	\$1,230,638	\$2,012,105
Mandan	Mandan Municipal	38	29	67	\$3,149,158	\$8,950,629
Mayville	Mayville Municipal	11	9	20	\$778,094	\$2,436,563
McClusky	McClusky Municipal	<1	0	<1	\$0	\$7,117
McVile	McVile Municipal	0	0	0	\$0	\$23,450
Milnor	Milnor Municipal	0	0	0	\$0	\$38,448
Minto	Minto Municipal	5	1	6	\$301,736	\$806,069
Mohall	Mohall Municipal	12	7	19	\$631,793	\$2,180,976
Mott	Mott Municipal	3	1	4	\$195,633	\$493,806
Napoleon	Napoleon Municipal	2	1	3	\$129,618	\$372,540
New Rockford	Tomlinson Field	1	0	1	\$64,809	\$217,776
New Town	New Town Municipal	10	12	22	\$1,315,808	\$3,217,102
Northwood	Northwood Municipal-Vince Field	5	1	6	\$254,467	\$877,356
Oakes	Oakes Municipal	9	10	19	\$637,092	\$2,337,630
Page	Page Regional	9	4	13	\$498,619	\$2,085,675
Park River	Park River-WC Skjerven Field	6	2	8	\$388,854	\$1,108,549
Parshall	Parshall-Hankins	4	3	7	\$440,805	\$1,106,385
Pembina	Pembina Municipal	7	3	10	\$405,928	\$1,400,955
Plaza	Trulson Field	0	0	0	\$0	\$3,000
Richardton	Richardton	0	0	0	\$0	\$6,033
Riverdale	Garrison Dam Recreational	<1	0	<1	\$1,800	\$17,369
Rolette	Rolette	2	3	5	\$213,471	\$649,140

CITY	AIRPORT NAME	EMPLOYMENT			TOTAL PAYROLL	TOTAL OUTPUT
		Direct	Indirect	Total		
Rolla	Rolla Municipal	12	9	21	\$866,159	\$2,680,203
Rugby	Rugby Municipal	5	4	9	\$380,677	\$1,040,119
St. Thomas	St. Thomas Municipal	2	1	3	\$129,618	\$357,925
Stanley	Stanley Municipal	11	9	20	\$928,496	\$2,442,100
Tioga	Tioga Municipal	23	11	34	\$1,492,413	\$3,878,182
Towner	Towner Municipal	0	0	0	\$0	\$24,050
Turtle Lake	Turtle Lake Municipal	0	0	0	\$0	\$51,241
Valley City	Barnes County Municipal	14	8	22	\$901,786	\$2,803,132
Wahpeton	Harry Stern	25	11	36	\$1,446,088	\$4,397,025
Walhalla	Walhalla Municipal	7	5	12	\$580,058	\$1,559,947
Washburn	Washburn Municipal	0	0	0	\$0	\$138,429
Watford City	Watford City Municipal	28	16	44	\$2,063,056	\$5,205,805
West Fargo	West Fargo Municipal	8	4	12	\$374,063	\$1,262,928
Westhope	Westhope Municipal	2	1	3	\$129,618	\$355,215
Wishek	Wishek Municipal	0	0	0	\$0	\$85,259
Total General Aviation Airports Impacts		558	368	926	\$41,879,078	\$121,272,197
Total All Airports Impacts		8,196	4,021	12,217	\$505,247,509	\$1,564,352,371

Source: Airport Managers, Tenants, Surveys, NDAC, USDOT, IMPLAN, Dun & Bradstreet, and Manta



OTHER AVIATION / AEROSPACE ECONOMIC AND BENEFITS OF NORTH DAKOTA AIRPORTS

Aside from the 12,217 jobs, the \$505.2 million in annual payroll, and the \$1.56 billion in annual output, there are many, yet sometimes less visible activities that airports in North Dakota support. These activities include healthcare, emergency services, energy inspections, environmental patrols, research, and other vital services that help to improve the health, welfare, and safety of residents and business throughout the state. Having a general understanding of these additional benefits helps provide a better understanding of all of the different ways North Dakota airports support the communities they serve.

- Healthcare** - This study identified approximately 40 clinics and/or hospitals in North Dakota that rely on public-use airports. Several have doctors using general aviation aircraft to reach patients in small communities throughout the state. Small hospitals and clinics do not have a local patient base sufficient to support specialty doctors—flying doctors in North Dakota fill this void. Airports in North Dakota play an important role in providing both routine and advanced healthcare services.
- Emergency Services** - Fixed-wing aircraft and helicopters use North Dakota airports to transport North Dakota residents requiring time-sensitive care to larger medical facilities, both within and beyond the state. These lifesaving services cannot be assigned a dollar value, and essentially any airport in the state is a candidate for supporting emergency medical services.
- Education** - The University of North Dakota (UND) is home to one of the nation's leading aviation and aerospace programs, the John D. Odegard School of Aerospace Sciences. UND is educating tomorrow's airport managers, pilots, and air traffic controllers. Other colleges and universities in North Dakota also report that airports are essential to their ability to expand their market areas for attracting students, both domestic and international. Air access is important to helping North Dakota's centers of higher learning attract and retain the most qualified teaching and research staff.
- Research** - North Dakota was successful in being one of six states selected by the FAA as a test site for Unmanned Aerial Systems (UAS) research. There are many potential practical private and public applications for UAS technology. Grand Sky, located in Grand Forks, is a multi-faceted center for advancing UAS applications and technology. Companies in North Dakota are leading the way in exploring uses for this emerging technology. Some estimates indicate that as many as 3,000 new jobs could be supported by UAS in North Dakota by 2025.
- Taxes** - Activities at airports and activities supported by airports make significant contributions to state and local tax revenues. A significant portion of these tax revenues are collected as a result of spending by visitors who come to North Dakota on general aviation aircraft and scheduled commercial aircraft. The NDAC study estimates that, on an annual basis, approximately \$64 million in local and state tax revenues are generated by the 89 study airports and the activities they support.



There are other non-airport-specific aviation and aerospace activities in North Dakota that make direct contributions to the state's economy. A listing of these additional activities is provided below, and more information on each these additional economic contributors is provided in the study's technical report:

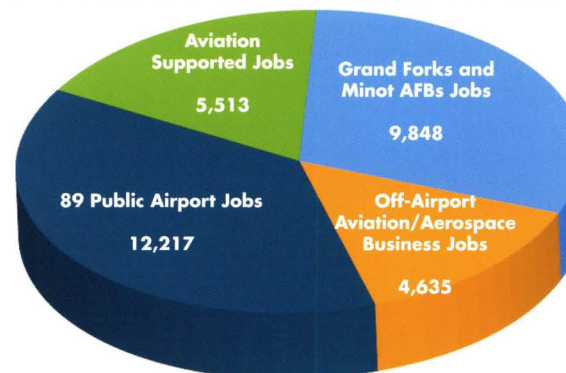
- Activities associated with the mission of the 319th Air Wing Base in Grand Forks.
- Jobs, payroll, and output associated with the operation and mission of Minot Air Force Base.
- Aviation and aerospace companies, including aerial applicators, doing business in North Dakota, but not located at a study airport.
- North Dakota companies with employees whose jobs have improved efficiency from using commercial and general aviation and air cargo services.

The statewide total annual economic impacts of these activities, as identified or estimated in this NDAC study, are shown in the table below. It is important to re-state that these benefits are in addition to those estimated for the 89 study airports.

Economic Impacts from Airports, Aviation, and Aerospace in North Dakota

	TOTAL EMPLOYMENT	TOTAL PAYROLL	TOTAL OUTPUT
Grand Forks AFB	2,565	\$105.2 million	\$203.7 million
Minot AFB	7,283	\$321 million	\$513.5 million
Off-Airport Aviation / Aerospace Businesses	4,635	\$232.7 million	\$512.6 million
Aviation Supported Jobs	5,513	\$271.8 million	\$882.7 million
Sub-Total	19,996	\$930.7 million	\$2.1 billion
Total for 89 Study Airports	12,217	\$505.2 million	\$1.56 billion
Total for All Airport / Aviation / Aerospace Impacts	32,213	\$1.44 billion	\$3.66 billion

North Dakota Jobs Supported by or Benefiting from Aviation, Airports, or Aerospace



Aviation-Related Jobs in North Dakota: 32,213

The statewide economic impact study estimated economic impacts for 89 public airports, Grand Forks and Minot AFBs, off-airport aviation/aerospace businesses in the state, and other businesses in the state with employees who gain efficiency by using aviation. **When combined, all sources support approximately 32,200 direct and indirect jobs in North Dakota.** These jobs account for almost **8%** of North Dakota's total employment which was estimated at 413,000 in 2014.

As this report clearly shows, aviation, aerospace, and North Dakota's system of public-use airports are essential underpinnings to the present and future success of North Dakota's economy.

When combined, all aviation- and aerospace-related contributors discussed in this study (airports, the military, aviation/aerospace companies, and aviation-reliant businesses) provide annual economic benefits to North Dakota that approach **\$3.7 billion**. The 2014 Real Gross State Product of North Dakota is estimated at \$48.2 billion. All airport, aviation, and aerospace activities in North Dakota account for **7.6%** of the state's total annual economic activity.



North Dakota Aeronautics Commission 701.328.9650
P.O. Box 5020 http://www.aero.nd.gov
Bismarck, ND 58502

Input for this study was obtained from: airlines, passengers, North Dakota businesses, airport representatives, the North Dakota Aeronautics Commission (NDAC), the Federal Aviation Administration (FAA), and other private and government sources. Analysis completed in the study was based on data collected in 2014 and 2015, with the final report released November 2015. Preparation of this report was financed in part through a planning grant from the FAA as approved under the Airport and Airway Improvement Act of 1982. The contents of this report reflect the views of the Consultant, which is responsible for the facts and the accuracy of the data depicted herein, and do not necessarily reflect the official views or policy of the FAA. Acceptance of this report by the FAA does not in any way constitute a commitment on the part of the United States to participate in any development depicted therein, nor does it indicate that the proposed development is environmentally acceptable in accordance with applicable public laws.

AVIATION

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Increasing Economic Impacts for North Dakota Airports

One objective the NDAC had for the 2015 update to their Statewide Aviation Economic Impact Study was to determine how economic contributions from the 89 public-use airports have changed since it was measured in 2010. The graphic below provides a comparison of findings from the 2010 and 2015 studies. The comparison shows direct, indirect, and total statewide economic impacts for employment, payroll, and output. The 2015 study took a conservative approach to estimate indirect impacts; as a result, 2015 indirect impacts represent a smaller percentage of total impacts than they did in the 2010 study.

As shown, direct statewide economic impacts for the 89 public-use airports increased between 2010 and 2015 for employment, payroll, and output. Increases in direct impacts contributed to the overall increase for total impacts for all three categories as shown here.





Airport Association of North Dakota

Matthew Remyse - President Anthony Dudas - Vice President
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1-19-17
Written testimony
#3
Matthew Remyse
P. 1/3

January 19, 2017

RE: Testimony to Senate Political Subdivisions Committee on SB 2179

Chairman Burckhard and members of the committee,

I am Matthew Remyse, the President of the Airport Association of North Dakota (AAND). I want to thank you for the opportunity to speak here today and thank you for the past support of airports. I'm here today to provide testimony in support of SB 2179. AAND is the professional organization for North Dakota Airports and it serves to promote airports, aviation, and safety across North Dakota. Among its members are all eight commercial service airports, 70 of 81 general aviation airports and aviation engineering and planning firms.

The commercial airports in the state are facing the challenge of funding millions of dollars' worth of capital projects to meet new demand and to replace aging infrastructure. As the commercial airports look to fund these projects they are limited in the funding resources they have. Currently, our commercial service airports typically have access to four forms of funding when developing their capital projects budget. The main source of funding for capital projects is Airport Improvement Program (AIP) grant funding through the Federal Aviation Administration (FAA). Federal funding normally covers 90% of eligible projects, but with such a high demand of projects the FAA is unable to fulfill those requirements. The second is the North Dakota Aeronautics Commission's (NDAC) airport grant funding program, which aims to cover a portion of the 10% remaining after federal funding. The third is local funding, which can come

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from revenue earned on the airport or local mills levied through the governing body. Typically, mills and earned revenue are used for the operations and maintenance of the airfield. The fourth, is Passenger Facility Charges (PFC) and these are collected at 6 of the 8 commercial service airports. PFCs are a \$4.50 fee applied to an airline ticket and given back to the airport for terminal, runway, and equipment improvements. The FAA regulates how PFCs can be used at an airport and considers PFCs to be part of local funding.

Although North Dakota has seen an uptick in the amount of AIP grant funds coming into the state, the program is unable to meet the all the needs of the commercial airports. The NDAC's grant program is underfunded and it cannot meet current needs. This leaves local funding to fill the gap left by the shortfall in state and federal funding. Once an airport has exhausted the local funding identified above, there are few funding resources available. There is bonding, and local bank loans. Typically, these options are at a higher interest rate than what the Bank of North Dakota can provide with its Infrastructure Loan Program. By allowing airports to utilize the Infrastructure Loan Program you would be providing our commercial airports another resource to evaluate when developing their capital projects budget.

If an airport is unable to fill the gap left by the shortfall in state, federal, and local funding, it must delay the project until there is more funding available. Delaying vital projects will hinder our commercial airports which are a vital driver of the state's economic development, and quality of life. North Dakota's 8 commercial airports generate \$1.44 billion annually in economic impact and touch all major industries including agriculture, healthcare, manufacturing, tourism, energy, and technology.

There are several airports throughout the state with large capital projects in the upcoming biennium:

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- Bismarck Airport has a main runway reconstruction project that will total \$70 million when complete. The City of Bismarck is funding \$30 million dollars of this project because of limited federal funding.
 - Fargo Airport has \$81 million in upcoming projects.
 - Williston's new airport broke ground last fall and is scheduled to be completed in 2018.
 - The Dickinson and Grand Forks Airports are starting to develop runway project
 - In addition to these major projects, there are several capital projects that are not included on the capital improvement plans because they are ineligible for grant funding and must be funded solely by the airport.

In conclusion, there is not enough federal and state grant funding to cover all the airport projects identified in the state. It is vital that our commercial airports have as much flexibility as possible when developing their capital projects budget and this bill would provide that flexibility to our commercial service airports. I thank you for the opportunity to testify on SB 2179. I will take any questions at this time.

Respectfully,



Matthew Remynse
President, AAND

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**Testimony of Gregory B. Haug
Airport Director, Bismarck Airport
Senate Bill 2179, Senate Political Subdivisions Committee
65th North Dakota Legislative Assembly
January 19, 2017**

Chairman Burckhard and Members of the committee,

My Name is Greg Haug and I am the director of the Bismarck Airport and I will be providing testimony regarding Senate Bill 2179 on behalf of the Bismarck Airport and the City of Bismarck.

First I would like to say a few words about the Bismarck Airport and provide the committee a brief update on some recent activities.

About three (3) years ago Bismarck Airport started investigating the condition of its main runway based upon information gathered through a state sponsored Pavement Condition Index Study prepared for the Aeronautics Commission. We noted from the study that the numbers for runway 13/31 were rapidly declining and we needed to know why. We went to our engineers to have them look into the matter further to see what the causes were and what we could do about it. After a year-long study of the current conditions the engineers came back with a recommendation to reconstruct the entire runway. Since then we have justified the reconstruction of the runway with the Federal Aviation Administration (FAA), designed the work and awarded bids for the first phase of construction.

Here's a quick update on where we are at today:

- Our runway pavement dates back to the 1950's, 60's, & 70's.
- The pavement is rapidly deteriorating according to the state sponsored pavement condition study.
- We have spent the last 3 years preparing for the start of this project.
- Our engineer's current estimated construction costs are 70 million dollars.
- Construction is planned over the next 3 years.
- We have awarded \$24 million dollars in bids for phase one.
- Construction starts in May 2017.

On the funding side, the FAA has the ability to fund up to 90% of the cost but has only committed 53% or 37 million. That leaves 33 million to the state and local levels. The NDAC generally funds up to 5% of regular airport projects so that would leave approximately 30 million to the City & Airport.

In the 25 years that I have been at the Bismarck Airport we have always been able to finance our projects in-house with cash reserves derived from our operation, but the size of this project does not allow us that luxury and we are having to look at our options to borrow money to complete this essential project. Traditionally, commercial service airports would first look at a bond issue to bridge the gap but we would rather keep it in state if possible and avoid the costs and complexity of a bond issue. To that end, the Airport explored the opportunity to use the Bank of North Dakota's infrastructure revolving loan fund in September of 2016, but learned that the current language in the ND Century Code did not allow airports to qualify.

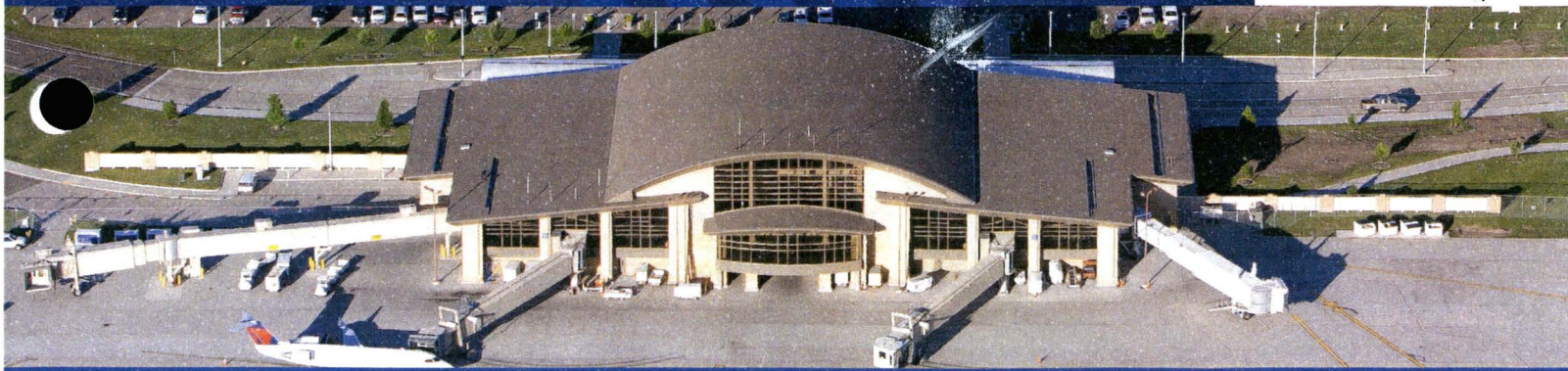
Senate Bill 2179 provides language that would allow the states eight (8) commercial service airports to qualify under the infrastructure loan program and provide another financing option for large projects, besides bonding. It is my understanding that only \$38 of \$150 million available in the fund have been utilized in the current biennium. Bismarck Airport would love to be able to consider this funding source for financing our critical runway infrastructure. Without this opportunity the airport will have to issue a 10 to 15-million-dollar bond as well as use all of our cash reserves and then lean on the City of Bismarck's for the remainder. We have no choice the work must be done!

On behalf of the City of Bismarck and the Bismarck Airport, we support Senate Bill 2179, we also request that this committee consider this to be an emergency measure so that the new language could be utilized as soon as it is passed by the legislature and signed into law by the Governor. The Bismarck Airport has to move swiftly to shore up and finalize our financing plan for the runway reconstruction project this spring as we also have a Passenger Facility Charge (PFC) application moving its way through the approvals process with the FAA and all of these things tie together.

Thank you for allowing me to address the committee, I would be happy to answer any questions.

BISMARCK AIRPORT (BIS)

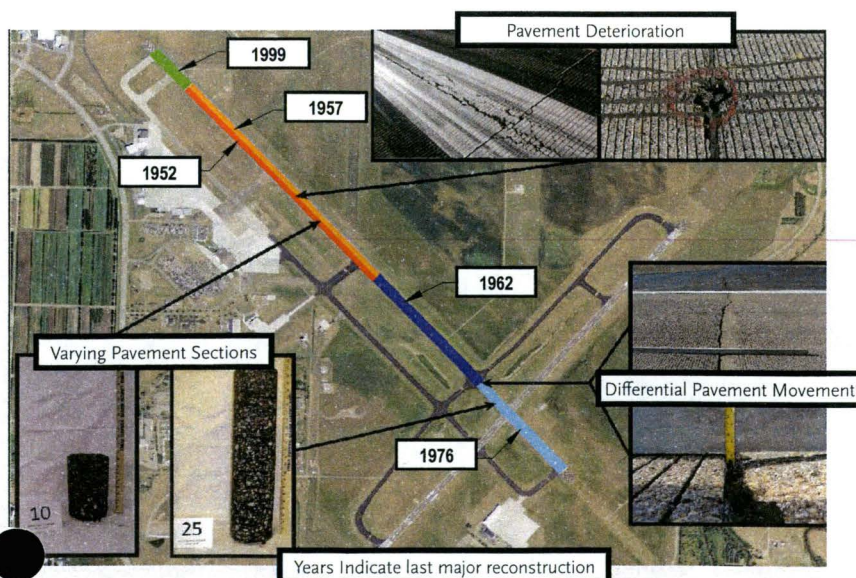
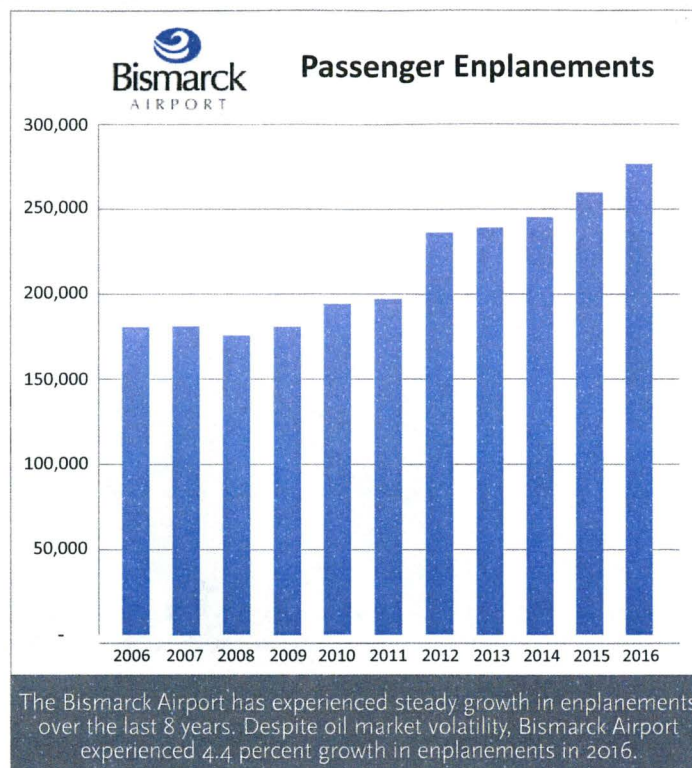
BISMARCK, ND



BISMARCK AIRPORT (BIS)

The Bismarck Airport plays a vital economic role for the City of Bismarck and the surrounding region. The 2015 Economic Impact Study for North Dakota Airports, conducted by the North Dakota Aeronautics Commission, indicates the Bismarck Airport brings 110,342 visitors to North Dakota annually, which contributes an estimated \$68,838,160 each year to the city of Bismarck and surrounding region on items such as food, local ground transportation, hotels, shopping and entertainment. In addition to contributing to local economy, the Bismarck Airport supports 2,216 jobs and contributes more than \$10 million in annual state and local tax revenues.

The economic impact of the Bismarck Airport continues to grow as existing airlines have expanded service and new airlines have been added in recent years. Expansions include new service from Frontier Airlines in May 2012 and Allegiant adding a new route to Orlando, FL in November 2013. American Airlines became the newest airline to serve the Bismarck area when they began offering service to Dallas/Fort Worth and Chicago in October 2014. The Bismarck Airport recorded a 4.4 percent increase in enplanements in 2016.



Key Issues:

- Portions of the runway are more than 60 years old
- Varying pavement sections
- Differential pavement movements
- Declining pavement condition index ratings (2016 NDAC PCI Study)

AIRPORT NEEDS

Due to the age and increased utilization, primary Runway 13-31 pavement has been deteriorating at an increased rate over the past several years. Runway 13-31 pavement is showing significant distress and in many areas the pavement is popping out causing foreign object debris (FOD) and maintenance issues. Runway 13-31 does not meet current design standards and preliminary work shows the runway profile elevation needs to be raised by more than four feet in areas to meet Federal Aviation Administration (FAA) standards. The existing runway areas drain poorly and are highly susceptible to frost heaves. Airfield drainage improvements are necessary to improve both surface flow and eliminate subsurface moisture under the pavement. Bismarck Airport's primary runway was constructed and reconstructed over a number of years ranging from 1952 to 1999. Sections of the existing runway have been in existence for more than 64 years with the support of rehabilitation projects. The map to the left highlights key issues.

FUNDING NEEDS

To sustain air carrier operations, it is necessary to reconstruct Runway 13-31 at an estimated cost of \$70 million. Due to the significant cost to complete the project, financial assistance from the FAA and state of North Dakota is critical to complete improvements.

ANTICIPATED FUNDING NEEDS:

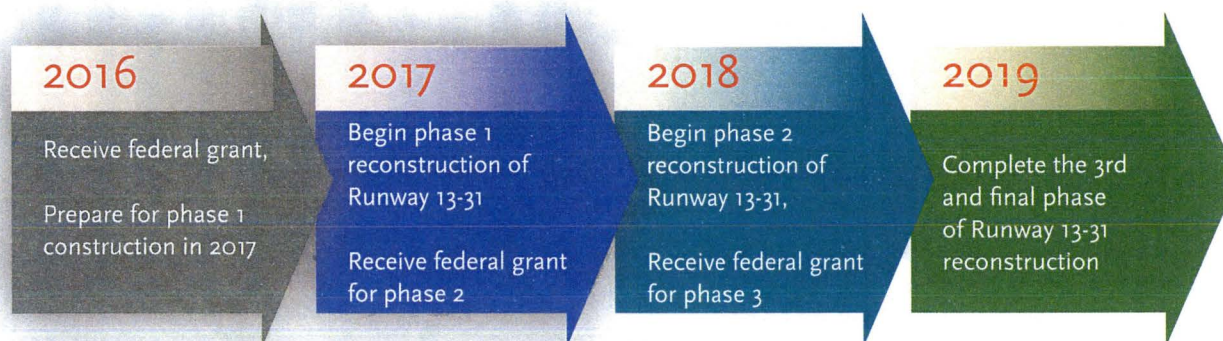
TOTAL PROJECT COST: \$70M

FEDERAL*
\$37MSTATE/LOCAL**
\$33M

* Estimated federal participation

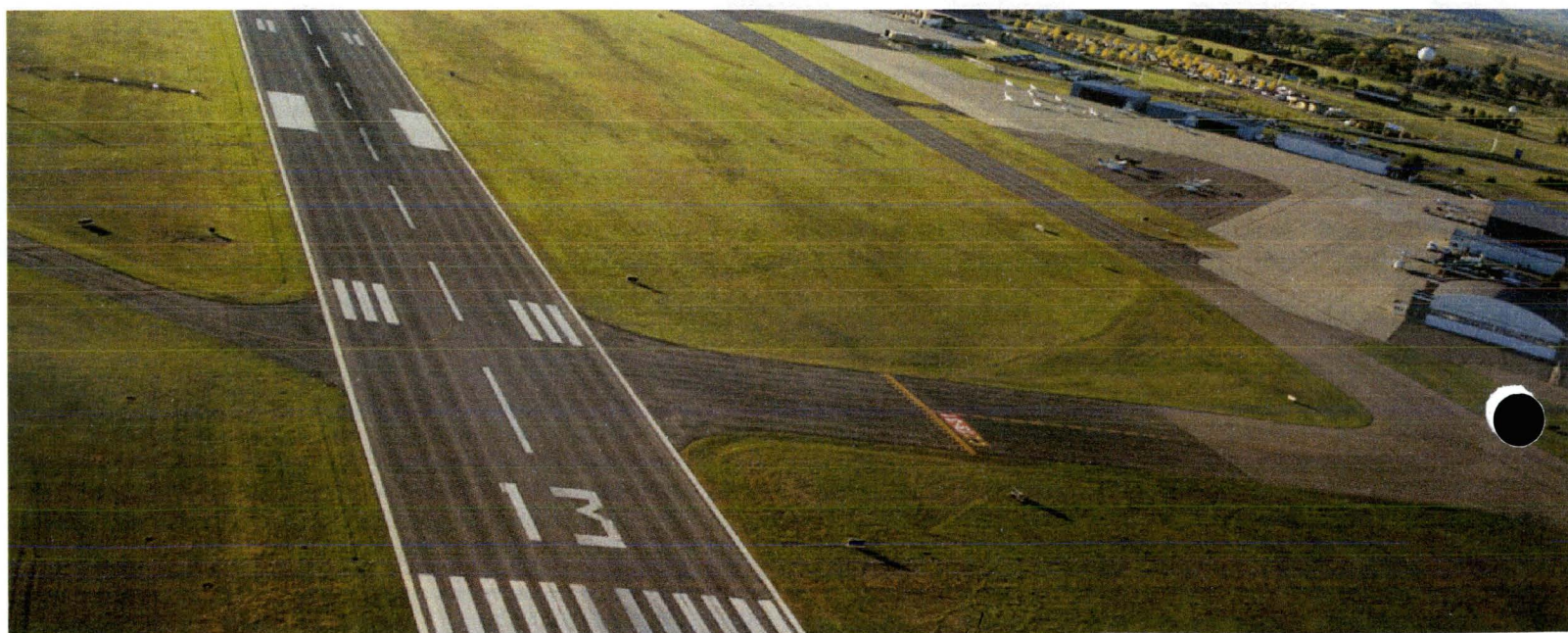
** Local participation contingent on state participation

ESTIMATED RECONSTRUCTION PROJECT TIMELINE



FORTHCOMING AIRPORT NEEDS

In addition to reconstruction of the primary runway, the Bismarck Airport has two additional critical projects to complete immediately after the primary runway reconstruction project. The projects include rehabilitating Runway 3-21 and removing known wildlife attractants at the airport. Total costs are estimated to be in excess of \$41 million.



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Testimony SB2179

1/19/2017

Good morning Chairman and committee members. My name is Kelly Braun, Airport Manager, and I am testifying on behalf of the Dickinson Municipal Airport Authority in support of Senate Bill 2179.

SB 2179 contains language that would allow the eight commercial service airports to utilize the Bank of North Dakota's infrastructure loan program. This bill is very important as it would give commercial airports another funding resource to evaluate when developing capital projects. Typically there are three funding sources which are used to pay for capital improvement projects, the FAA AIP grant program, the NDAC grant program, and local funding.

Southwest North Dakota and particularly the Dickinson area have experienced substantial growth and impacts from oil development in Western North Dakota; as a corresponding result, additional aviation activity is occurring, putting operational challenges for the Dickinson Theodore Roosevelt Regional Airport front and center.

To address these issues the Airport developed a multiyear master plan in coordination with the Federal Aviation Administration (FAA). The plan identifies several issues and constraints to current Airport operations, which include the need to lengthen, widen and shift the main runway per the existing and future critical aircraft.

The main runway was designed for smaller aircraft typically weighing less than 40,000 pounds, but the jet aircraft that are currently providing commercial service are in excess of 70,000 pounds, that increased frequency and the heavier loads of these aircraft are weakening and deteriorating the pavement of the main runway at an accelerated pace. For aircraft currently operating at the airfield the main runway also has a deficient Runway Safety Area (RSA) and Runway Protection Zone both in length and width.

To accomplish this multiyear project the anticipated financial needs total \$65M. The Federal share for this project would be \$41M, State share would be \$20M, and the remainder would be the local airport share at \$4M.

The Dickinson Airport acquires its operating revenue from several different sources, local mill levies, leases, user fees, and commissions. Being good stewards of public money is always a top priority, and thoughtful consideration is always given when developing annual budgets. This time tested method, combined with prudent expenditures has allowed the Airport to generate, overtime a cash reserve, but a project of this size and scope would deplete the Airports small cash reserve, resulting in a \$3.5 million shortfall. To make up for this funding shortfall our airport would be required to issue revenue bonds or seek private loans, by having access to the infrastructure loan program the Airport would be able to capitalize on better terms lower interest rates and reduced fees and expenses.

The community of Dickinson is supportive of the investments in its local Airport and recognizes it as a viable asset, now and in the future. I respectfully ask that after your thoughtful consideration, SB 2179 receives a "do pass".

I will stand for any questions this committee may have.