



WYOMING Aeronautics Commission

DEPARTMENT OF TRANSPORTATION



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EDUCATION SESSION MINUTES

A workshop for the Wyoming Department of Transportation (WYDOT) Aeronautics Commission was held in the I-80 Room, WYDOT-U Training Building, Cheyenne, on December 18, 2023. The workshop began at 11:00 a.m.

The following commission members were present, constituting a quorum.

Bruce McCormack, Chairman, District 4	Randy Harrop, Commissioner, District At-large
Jerry Blann, Vice Chairman, District 2	Sigsbee Duck, Commissioner, District At-large
Dean McClain, Commissioner, District 1	Darin Westby, Ex Officio, WYDOT Director
Bill DeVore, Commissioner, District 3	

Commissioner Steve Maier was absent.

The following WYDOT staff and guests were present and participated in the workshop.

Brian Olsen, Aeronautics Administrator	Taylor Rossetti, Support Services Administrator
Phillip Hearn, Engineering & Construction Manager	Jim Boyd, Training Services Manager
A.J. Schutzman, Aviation Planning Manager	Elizabeth Blackwell, Grants & Loans Manager, Office of State Lands & Investments
Rodney Freier, Budget Manager	Kimberly Chapman, Commission Secretary

Other attendees included: Brandt Lyman, Commissioner, Transportation Commission; Mike Kahler, Senior Assistant Attorney General; MacKenzie Sewell, Assistant Attorney General; Mariah Johnson, Air Service Development Program Manager, WYDOT; Sheri Taylor, UAS Program Manager, WYDOT; Tiffany Romero, Grants and Programming Specialist, WYDOT; and Tim Dolan, Airport Engineer, WYDOT.

Division Year-end Wrap-Up

Mr. Hearn and Mr. Schutzman provided an overview of activities and accomplishments from fiscal year (FY) 2023. Mr. Schutzman shared that the division and commission administered a total of \$69.7 million in airport improvement grant funding through 94 grants and amendments. Of that total: \$7,259,831 was state funds, \$60,188,368 was federal pass-through funds, and \$2,344,962 was from local matches. An additional \$8,738,230 of non-budgeted federal funds was granted to Jackson Hole Airport. The funding broke down into the following percentages: 87% came from federal funding, 9% from the state, and 3% from local sources.

Mr. Schutzman shared statistics on entitlement, state apportionment, and state funds from the past five years. Although there were some minor fluctuations between the years, the funding levels stayed relatively flat. He reminded the commission that state apportionment funding is for general aviation (GA) airports and primary entitlement funding is for commercial service airports with

over 10,000 enplanement, and both are formula funding. In response to a question from Commissioner DeVore, Mr. Schutzman shared that the roughly \$3.5 million in state apportionment received funds about three larger projects a year. Larger GA airport projects funded by state apportionment are usually combined with the \$150,000 in non-primary entitlement funding that each GA airport receives annually and discretionary funding, if available.

Mr. Schutzman also shared statistics on discretionary funding from the last five years, which showed the greatest variability of all the other funding sources. Mr. Schutzman and Mr. Hearn shared that it is becoming increasingly difficult for GA airports to successfully compete for discretionary funding as the amounts decrease every year. Runway projects are given priority over taxiways and aprons. Following a question from Transportation Commissioner Lyman, Mr. Schutzman stated that discretionary funding is decreasing because as primary entitlement funding—which is given to larger airports in the region—is increasing.

Stimulus funds (\$4.4 million) were awarded to Cody-Yellowstone Regional Airport in FY 2023. The funds have been decreasing every year since they were created in 2020 and Mr. Schutzman believes that the money should be completely expended by next year. Mr. Schutzman also shared statistics on Infrastructure Investment and Jobs Act (IIJA) funding. The first awards (\$2 million) were made in FY 2022 and an additional \$13 million was awarded in FY 2023. If the funding remains fixed, \$76 million will be available to Wyoming airports until FY 2028. Of that total, \$67.3 million is programmed but \$9 million is unplanned and un-programmed.

Mr. Schutzman discussed funding trends through 2030. While needs are increasing, most funding sources are currently trending down. The division has decided to prioritize matching federal funding, but this will lessen WYDOT's ability to meet the needs of all Wyoming airports. In response to a request from Commissioner DeVore, Mr. Schutzman explained that equipment projects are more challenging to fund because they do not rate as highly on the Priority Rating Model (PRM) as pavement projects. The inclusion of the "buy American" clause in the Federal Aviation Administration (FAA) project specifications has further increased the challenge to find affordable equipment. More airports are requesting state funding for equipment projects, but there are not enough funds to cover all the needs.

Mr. Schutzman provided a breakdown of program/project spending for FY 2023. A total of \$5,132,178 went to Airport Improvement Program projects; \$1,513,208 to crack seal/group maintenance projects, and \$397,935 on non-Wyoming Aviation Capital Improvement Program (WACIP) projects (e.g. the BlackCat Aviation Data Management System, Pavement Management, and staff services). A total of \$721,945 was spent on statewide projects—\$114,445 for NAVAID maintenance, \$350,000 for marketing and promotions, \$50,000 for Aviation Encouragement, \$100,000 on the mountain automated weather observation systems (AWOS), \$7,500 for windsocks, and \$100,000 for statewide air service marketing.

Mr. Schutzman calculated the percentage of funds distributed by project purpose and PRM component. Of the state funds spent on Airport Improvement Program (AIP) projects in 2023, 62%

were for security and maintenance projects, 32% for safety projects, and 6% for airport enhancement and planning projects. State funds were largely distributed to projects focusing on runways—67.8% of funds. Federal fund distribution on AIP projects predominantly matched state distributions.

Mr. Hearn discussed the costs of the group pavement maintenance programs, which are bid as group to take advantage of economies of scale. In 2023, the estimated savings between the seal coat and crack seal projects was \$810,000. While not an exact figure, Mr. Hearn said that this was likely a conservative estimate as it does not include mobilization, paint, and the overall lifespan of the pavement.

Mr. Hearn shared figures on asphalt pavement costs trends from 2004 to present. The prices per ton for P-401b bituminous material and p-401a asphalt pavement over the last 20 years have gradually increased—with a steep surge in price in the last two years. Inflation and the rising costs of oil are driving the price increases.

Mr. Hearn also shared cost trend figures for P-501 Portland cement concrete pavement. The price of concrete—per cubic yard—has decreased over the past five years, but this is due to the large concrete projects in recent years. The Cheyenne runway and Jackson apron projects have allowed the division to take advantage of economies of scale, which lowered the unit price of the concrete.

In response to a question from Transportation Commissioner Lyman, Mr. Hearn shared that the division completes a lifecycle cost analysis for all reconstruction projects, as required by the FAA. The principal costs for concrete is a major barrier to its selection as the material of choice on airport construction projects. However, if asphalt prices continue to trend up and concrete prices trend down, then more airports might consider concrete for airport projects.

Mr. Hearn shared that there were 32 construction projects in 2023—including all seal coat and crack seal projects. Of the 32 total projects, there were six equipment projects, five design projects, seven planning projects, 22 NAVAID maintenance grants, seven marketing grants, and 20 aviation encouragement grants.

Mr. Hearn highlighted some of the projects scheduled for 2024. Although the Casper runway rehabilitation project was scheduled for 2023, the airport was able to obtain more discretionary funding for the project and expand the project scope. The airport has been allocated \$13,103,390 to fully rehabilitate runway 8/26 with a three-inch mill and overlay. The project will also include work on the blast pads, shoulders, taxiway connectors, and installation of edge lighting.

Mr. Hearn reported that Jackson will rehabilitate the north end of Taxiway A with a two- to three-inch mill and overlay. The project also includes the construction of a bypass taxiway to and an expansion of the deicing pad. The total funding allocated to the project is \$36,248,835. Jackson is hoping to receive end-of-year discretionary funding in 2024 and possibly 2025 to complete the project in a single construction phase. The project is currently programmed for 2024 and 2026.

Mr. Hearn shared that Worland will rehabilitate the entirety of Taxiway A with a two- to three-inch mill and overlay. The project also includes the construction of Connector D, which will provide hangar access and eliminate safety-related design standards issues. The total funding allocation to the project is \$2,833,333.

Following a question from Vice Chairman Blann, Mr. Hearn clarified that the funding for the Jackson project was accumulated from the FY 2022, 2023, 2024, and 2026 budgets. The first two years of funding covered project design and geotechnical investigation, but the bulk of the project is funded with allocations from the 2024 and 2026 budgets.

There was discussion regarding the merits and challenges of grass runways for GA airports and crosswind runways. Mr. Schutzman informed the commission that unpaved runways are not eligible for inclusion in the National Plan of Integrated Airport Systems (NPIAS) and therefore ineligible for federal funding. Administrator Olsen assured the commission that the division is working with airports to think long-term about available funding and to plan future project requests accordingly.

HR Overview

Mr. Rossetti and Mr. Boyd presented a Human Resources (HR) update to the commission, which included information on WYDOT's leadership development and training opportunities and updates on recruitment and retention efforts.

Mr. Rossetti began by providing an overview of WYDOT's Training Program—also known as WYDOT University. Trainings and courses are developed around three, strategically important learning tracks: Leading Self, Leading Others, and Leading the Agency. The three tracks seek to increase the skills and competencies of individual employees, team leaders and supervisors, and program managers. The Leading Self track focuses on developing and refining soft skills; the Leading Others track helps employees develop managerial skills, and the Leading the Agency track seeks to build the future leaders of WYDOT.

Mr. Rossetti shared that the learning outcomes of the Training Program's courses are aligned with the core competencies in the employee [performance] evaluation to give employee's the necessary tools and skills to succeed.

Mr. Boyd reported that the goal of the Leading the Agency track was to build an internal, structured leadership academy tailored to the needs of WYDOT and its employees. The academy was created with the input of WYDOT program managers and the under the guidance of executive staff, who identified the agency's greatest future needs and the knowledge, skills, and abilities that would serve as program goals. The academy seeks to prepare leaders who can, 1) sustain adequate revenue; 2) ensure WYDOT is fully staffed with a highly skilled workforce; and 3) strengthen external relationships and agency credibility.

To accomplish the first program goal, members of the leadership academy focused their group project on improving WYDOT's culture—as a strategy to retain existing and attract new

employees. To address the second program goals, executive staff served as mentors to class participants. Agency awareness was identified as a critical component of credibility—the third program goal. To further agency awareness, representatives from each WYDOT program presented information to the leadership academy participants to expand their understanding of the agency and its operations.

Mr. Boyd shared that leadership academy program evaluations were generally positive, and his team received some great feedback from participants on how to improve the academy in the future. The team also administered pre- and post-learning assessments to the academy participants and the results showed a 30 percent overall learning gain.

In response to questions from Vice Chairman Blann, Mr. Rossetti discussed the agency's recruitment and retention efforts. Historically, WYDOT's vacancy and turnover rates were two to three percent lower than other state agencies, but recently the department's rates rose to levels commensurate with the rest of the state. WYDOT had 345 vacancies in June 2023, which is a vacancy rate of almost 17 percent. However, as of November 2023, the vacancy rate was down to 13 percent—a 4 percentage point improvement in five months. Mr. Rossetti shared that while this mirrored trends in the statewide workforce, WYDOT is still half a percentage point below other agencies.

Mr. Rossetti believes that this improvement in vacancy rates is due to renewed and increased efforts in recruitment. For example, WYDOT engineers began visiting University of Wyoming (UW) classes to discuss the agency, its operations, and employment opportunities with students. This resulted in the recruitment of three new engineers. The department has also sent employees who are alumni of different educational institutions to represent WYDOT at that institution's career fairs.

The Laramie Design Squad, an embedded unit at UW, allows students who are simultaneously WYDOT employees to complete design projects while learning about the agency. The program was recently modified because WYDOT was not retaining enough of the students upon graduation. After the program overhaul, the department is now retaining about 25 percent of the student-employees.

The maintenance facilities and shops around the state were also encouraged to host recruiting events. It provided an opportunity for potential recruits to tour the facilities, see the equipment, talk to employees, apply for a job, and even receive a conditional job offer.

Mr. Rossetti reported that the team attempted to edit and rewrite job announcements, but found it challenging to tailor a job announcement to multiple audiences with differing interests. The team is also using targeted social media announcements to publicize job openings. The hiring incentives and base pay rate increases have been instrumental to successful recruitment efforts.

Mr. Rossetti credited the work of the legislature and Governor Gordon to raise the base pay rates for state employees as a successful strategy to improve recruitment and retention. The average pay

raise for WYDOT employees in 2023 was 9 percent. This followed an 8 percent average pay raise in 2022.

In response to questions from Chairman McCormack, Mr. Boyd explained that the open WYDOT University courses are available to every employee. The courses are available through a variety of delivery methods including in-person workshops, videoconference, and online learning platforms. While the team offers many trainings at Headquarters, they also make a concerted effort to host trainings in each of the WYDOT districts.

Mr. Rossetti stated that WYDOT-U is under-utilized as a recruitment tool and feels it would be a good talking point in personalized conversations at career fairs or WYDOT open houses. Administrator Olsen reported that he and Ms. Johnson reviewed and edited the job announcements for all of the open division positions to include a statement about WYDOT's commitment to professional development.

Following a question from Commissioner Duck, Mr. Rossetti shared that one of the biggest challenges to recruitment is the length of the hiring and onboarding process. As a government agency, WYDOT must follow certain procedures that slow the hiring process. The department frequently loses applicants to other entities that can quickly hire and onboard individuals. Compensation is also a factor for some positions.

WYDOT Budget Overview

Mr. Freier presented information on WYDOT's FY 2024 operating budget. The total anticipated budget is \$860,825,090. Three revenue sources supply WYDOT's budget including \$222,150,940 in (restricted) highway user fees, \$469,194,262 of federal revenue, and \$169,479,888 of other state revenue. Almost 55 percent of the agency's revenue comes from the federal funding, which includes AIP funding from the FAA.

Highway user fees account for 25 percent of the budget revenue and consist of motor fuel taxes, vehicles registrations, driver's license fees, and other vehicle fees (e.g. oversize/overweight permits). State revenue represents almost 20 percent of the total revenue and is primarily drawn from severance taxes and federal mineral royalties. State revenue is used to fund Aeronautics division and commission activities.

Mr. Freier discussed the commission and legislative budgets within the overall WYDOT budget. The \$713,827,209 commission-appropriated budget funds construction, maintenance, equipment, facilities, traffic, and financial services at WYDOT. The \$146,997,888 legislatively appropriated budget directly funds the Wyoming Highway Patrol, Aeronautics (division and commission), driver license, Motor Vehicles Services, and the Port of Entry program.

Mr. Freier explained the legislative budget building process for the biennium budget request. WYDOT staff spent the spring and summer of 2023 building the FY 2025-26 budget. The legislature will review and approve the budget during the 2024 Budget Session in February. Any

supplemental requests will be developed in the spring and summer of 2024, submitted in the fall, and considered during the 2025 legislative session.

WYDOT's biennium budget request is a standard budget and is the same as the previously approved budget. Exceptions are additional requests to the standard budget, and often require more discussion with the Joint Appropriations Committee. Mr. Freier informed the commission that there are no Aeronautics exception requests for the 2024 Budget Session.

The department can modify budget authority during the biennium—outside of the legislative session—through the B-11 process [named in reference to the B-11 form utilized by the State Budget Department to record approved budget adjustments]. Mr. Freier reported that WYDOT submits a B-11 request every year, including requests for additional AIP funds received beyond the standard budget. The annual B-11 requests have averaged about \$22 million of additional airport funding.

Mr. Freier provided the commission with an analysis of the annual Aeronautics budget—totaling \$41,115,004—and its revenue streams. All of the Aeronautics state revenue comes from federal mineral royalties, which is unrestricted funding. The total budget for the AIP is \$31,621,504 and \$22,612,500 of that total is federal funding. The Air Service Enhancement Program's total budget is \$5,728,479. The state provides \$1,312,450 to the ASEP and the program is currently supplemented with American Rescue Plan Act (ARPA) funds.

The Aeronautics Commission and division administration budgets are drawn from state funds and total \$2,562,516. The division receives \$1,202,505 annually to operate the state planes from an Internal Service Fund, which is subsidized by payments from other state agencies for use of the planes.

Mr. Freier reported that the division allocated 76 percent—or \$31,337,593—of the \$41 million budget for grants and aid to airports. Eleven percent of the budget supports contractual services, which includes payments to SkyWest Airlines for the Capacity Purchase Agreement (CPA). Four percent of the budget is for personal services, which covers salaries and benefits for division staff. Seven percent of the budget is allocated to support and central services, which provides funding for travel, materials and supplies, and other professional services. The budget also includes \$220,000 for space rental—the state hangar and division office space.

Following a question from Director Westby, Mr. Freier reported that once the ARPA funds are exhausted, the ASEP budget will be supplemented with \$12 million of remaining funds from a 2018 legislative appropriation. Once those funds are spent, the ASEP will have to operate within a standard budget of \$1.3 million or the department will have to seek additional funding. Chairman McCormack clarified that the 2018 appropriation was allocated to the CPA.

Director Westby reminded the commission that the legislature authorizes WYDOT, and the division, to spend the revenues collected by the department. Furthermore, the state funding received by WYDOT has remained flat for 20 years and Director Westby anticipates future cuts

to federal funding. One of his major priorities is to increase state funding for the department, as he believes it will be critical to the success of WYDOT's mission.

Mr. Freier shared that \$104,119,808 of the WYDOT budget will be granted to Wyoming cities, towns, and counties in FY 2024. The grants are for road and highway projects, airport improvement, air service enhancement, and mass transit.

Aeronautics Loan Program

Ms. Blackwell presented information on funding opportunities available to airports through the Office of State Lands and Investments (OSLI). She emphasized that each loan or grant program has a specific application due date to provide OSLI staff the necessary lead-time to properly vet the request.

The OSLI has general guidelines for all grant and loan programs. The first requirement is that all programs managed by OSLI are "reimbursement" based. Second, OSLI is unable to reimburse work performed or invoices dated prior to the award date, except for costs related to architectural and engineering design, or in emergency situations. Third, each program has limits for engineering costs—usually between 15 to 20 percent. Fourth, projects receiving an OSLI grant or loan shall comply with Wyoming statutory requirements on open bidding and Wyoming contractor preferences. Finally, governmental entities must be compliant with the Department of Audit and Department of Revenue reporting requirements in order for applications to be presented to the State Lands and Investments Board (SLIB).

Ms. Blackwell reported that the 2023 legislative session culminated in several changes to OSLI programs. The Capital Construction Loan (CCL) program's interest rate was changed, the program was amended to allow loans to airports, and the amount of available funding was decreased. Previously, aeronautics funding came from the Joint Powers Act Loan program, but a moratorium was placed on new loans from that program.

After being defunded in 2022, the Mineral Royalty Grant (MRG) program was appropriated \$4 million from the general fund and over \$6 million from the MRG fund cash balance. The funding is reserved for emergencies at this time, but the OSLI will accept applications for standard program funding in February 2024.

Following a question from Commissioner DeVore, Ms. Blackwell reported that interest rates for the CCL increased from one or two and half percent to match market rates—closer to five percent.

The Countywide Consensus grant program is comprised of unallocated funds from previous biennium budgets for 10 Wyoming counties. Airports may request these funds for projects, but approval must be obtained from the county commissioners and local mayors representing 70 percent of the incorporated population. Following a question from Commissioner DeVore, Ms. Blackwell said these funds could be used for a variety of projects.

The Transportation Enterprise Account (TEA) is used to award grants and loans to public entities for projects that enhance transportation in Wyoming. Eligible uses of funds include capital investments for public transportation, and improvement and maintenance of airline service and facilities. The SLIB is required to use the Priority Rating Model to prioritize applications for airport projects. Ms. Blackwell informed the commission that no airports have applied for grants or loans from this account in recent years.

Ms. Blackwell reported that TEA applications are considered annually at a special SLIB meeting in November. The biennial spending authority for the TEA is \$2 million. However, the projected available funds are based on 90 percent of the investment income received from the Transportation Trust Fund, and that income has not met the budget authority in 20 years. For the current biennium, the OSLI is forecasting a \$900,000 shortfall. Ms. Blackwell requested that any airport interested in applying for TEA funds contact her to discuss the project and ensure that funding is available.

MRG program grants may be awarded to alleviate emergency situations that pose a direct and immediate threat to public health, safety, or welfare. The grants may also be awarded to comply with federal or state mandates, or to provide an essential public service. Cities, towns, counties, special districts, and joint powers boards are all eligible applicants for MRG grants.

Ms. Blackwell stated that the OSLI utilizes the expertise of appropriate state agencies to help review and assess applications. WYDOT, and the Aeronautics Division, is consulted on any transportation or airport application. The applications are also ranked by category or topic so that the SLIB can make awards based on the best applications in each category.

The MRG has approximately \$9.7 million available to award and emergency applications will be prioritized. The SLIB will meet in June 2024 to consider standard applications.

The newest program available to airports is the CCL. Loans may be made for the purchase of land, buildings, and improvements associated with capital construction. Entities can also apply for loans for the renovation or improvement of existing infrastructure, as well as for planning and construction. Ms. Blackwell reported that the program currently has \$130 million available for loans.

Cities, towns, counties, special districts, joint powers boards, Wyoming Irrigation Districts, Conservation Districts, and airport boards are all eligible to apply for loans from the CCL. Airport boards must be legally formed and approved prior to the submission of an application. The applicant must own the project in its entirety.

The loan terms may be between 5 and 25 years, and the interest rate is equal to the yield on a U.S. treasury security of the same duration as the loan. The interest rate for loans shall not be less than three percent, but the board may add up to two percent to the interest rate as a risk premium. The loans are payable in equal, annual installments, which begin within one year from the date of the last draw of loan funds or substantial completion—whichever comes first.

Every application for the CCL program must be reviewed by the Wyoming Attorney General's office to ensure an entity is within its constitutional debt limit. The state statutes decree that no county shall create any indebtedness exceeding two percent of the assessed value of taxable property. The AG also certifies the legality of the transaction and determines if an election is required by law to approve additional indebtedness.

CCL applications shall include a signed resolution stating the amount of the loan request, name of the project, repayment source, and a commitment to maintain the project for the life of the loan. A detailed project summary, commitment letters from all funding sources, an engineer's feasibility statement, and a formal maintenance plan are also required.

Applicants seeking a loan for an airport project must also submit a copy of the application to the Aeronautics Division. The division will evaluate the applications to ensure that a proposed project is in compliance with the airport's masterplan, to verify that the applicant is meeting any and all current and past payment obligations to the Aeronautics Commission, and to ensure the proposed project's merit in relation to the overall state system plan. The Aeronautics Administrator shall formulate a recommendation to the commission.

The Aeronautics Commission is will then consider each airport loan project application, allowing for comments from the applicant and the division administrator. The commission will submit a written recommendation to the SLIB whether to award a loan and documenting any concerns. If a loan is recommended, then the commission shall suggest a loan amount and comment on the appropriateness and nature of the type of security offered for the loan.

Every CCL program loan will be evidenced by a promissory note or loan agreement for the principal sum of the loan. Loans may be secured by a variety of options including a mortgage covering all or part of the project or a pledge of other available revenues to the borrower. Ms. Blackwell also shared information on ineligible project expenses and other miscellaneous program requirements.

Ms. Blackwell encouraged interested parties to visit the OSLI website to access program information and applications. Individuals may also subscribe to notifications about upcoming meetings and deadlines. She also invited commissioners and airports to contact her for more information on OSLI programs.

Airport Tour

The commission traveled to Pine Bluffs for a tour of the Pine Bluffs Municipal Airport. Kevin Marquadt, airport manager, showed the commission the new terminal building, which includes a repair hangar, a pilot lounge, office space, and rest areas. The group was also shown the apron area and the self-service fuel station.

The education session adjourned at 4:52 p.m.