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New York Aviation Management Association (NYAMA)

2015-2016 Executive Budget—Transportation

Submitted to the Joint Legislative Fiscal Committees

by Michael Giardino, NYAMA President

Thank you Chairman DeFrancisco, Chairman Farrell and other members of the committees. I am Michael Giardino, President of the New York Aviation Management Association (NYAMA) and Director of Aviation for the Greater Rochester International Airport. NYAMA appreciates this opportunity to testify on the Executive Budget as it relates to airports.

NYAMA represents over 13,000 members and affiliate members, 120 commercial service and general aviation airports, fixed based operators, consultants, engineers and other aviation industries and professionals who believe that serious economic development efforts at the state and regional level necessitates strong public investment in our aviation assets and facilities.

Airports are economic engines fueling growth in the communities they serve. According to a 2010 study by the State Department of Transportation, the aviation industry contributes over \$50 billion in annual economic activity in New York State and almost 400,000 State residents work in aviation or aviation-related industries. The economic benefits of New York State airports are impressive. As a whole, aviation generates \$18 billion in payroll and \$4.5 billion in state and local tax revenue annually. However, the efficacy of this powerful economic engine and its benefits to New York's citizens is threatened by a critical lack of infrastructure investment, competition from other states, and sluggish state and national economies.

The study, "New York State Economic Impacts of Aviation," advocated funding critical aviation-related projects. NYSDOT Commissioner Joan McDonald stated at the time:

"Continued strategic investments in New York State's aviation industry will help rebuild the economy by attracting and retaining businesses that depend on aviation for shipping and receiving goods, while also providing business and recreational travelers with safe, fast and reliable service."

The Two-Year Capital Program

Ironically, this study was released just as the 5-year New York State Transportation Bond Act came to an end, and with it, the end of a state-funded capital program for airports for the following three years. It was only in this most recent 2-year capital plan that, with your support, the Legislature was able to restore funds, about \$17 million total for investment

through a 2-year airport capital program. However, you need to be aware that this small level of funding is shared among 90 public-use airports across the state.

While this funding level in the current 2-year plan has provided some valuable financial assistance for vital infrastructure at airports across New York—funding aircraft hangars, repair of existing facilities, safety enhancements and other important projects—it represents about half of what the Bond Act had traditionally funded per year and did nothing to address the three years of zero funding for airports from 2010 to 2013.

IN FACT, THIS SPENDING LEVEL REPRESENTS MERELY 0.2 PERCENT OF THE TOTAL 2-YEAR TRANSPORTATION CAPITAL PLAN JUST ENDING.

Investment in All New York Airports

On October 20th, Governor Cuomo hosted Vice President Biden at an event to unveil a comprehensive plan to modernize and revitalize LaGuardia, John F. Kennedy International, Republic and Stewart International Airports – bringing them up to 21st Century standards for service, access and amenities. The plan includes a massive investment in these downstate airports. At the event, the Governor was quoted as saying:

"The number one job of government is to promote economic growth and prosperity, and one of the best ways to drive commerce is by investing in infrastructure that connects New York with local, national and international markets."

NYAMA couldn't agree more! We also believe other airports in the state should be considered for targeted investments as has been proposed for the downstate state-sponsored airports. In fact, according to a proclamation issued by the Governor last year promoting aviation, it was declared that the State of New York has a significant interest in the continued vitality of general aviation and community airports and that business aviation is a critical tool for companies in New York to improve efficiency, save money, and open up opportunities for rural areas not served by commercial aviation, thereby bringing new business, investment and jobs to all areas of the state.

As you are aware, many Upstate airports are constantly seeking to preserve access to commercial service and connections to major cities. Over the last ten years, these smaller airports have seen their enplanements (passenger boardings) decreasing at a slow, but relatively constant rate. General aviation airports that do not have scheduled airline service play a key role in regional business and rely even more upon state funding for revenue producing projects like hangars and fuel farms. Many of these aviation facilities face a daily struggle just to continue.

The financial needs of NY's airports are well documented. Based on analysis of FAA-approved documents—such as Airport Capital Improvement Plans, Airport Master Plans and Airport Layout Plans—the NYS Department of Transportation (NYSDOT) has estimated that the state will need \$4.3 billion to support its aviation goals for the 20-year period between 2010 and 2030—an average of \$215 million per year. This investment is necessary to properly maintain the system and allow airports to attract passenger, cargo, and general aviation services, thus supporting the governor's economic development goals. Although federal Airport Improvement Program grants help, they average a total of less than \$100 million per year and are limited to certain types of projects, with a large allocation traditionally going to the two PANYNJ airports. Ultimately, this leaves us with an enormous funding shortfall for airport development needs statewide.

For example, in 2013 there was a total of \$33.3 million in funding applications filed for airport projects but only \$8 million awarded under the Airport Capital Improvement Program. This helps to demonstrate the huge gap between what is needed for airport development projects and what is ultimately available through the state budget. Lawmakers and the public can scrutinize these state grant-supported projects as the awards are routinely publicized through the Governor's office and in many instances reported by the local media. I know you'll agree that NYAMA member airports do a good job of maximizing the benefits of these state investments to the traveling public and the communities they serve.

Aviation Capital Investment Program

Consequently, in order to meet the ongoing critical needs of airport infrastructure improvement and development, and address these growing needs going forward, NYAMA is seeking Airport Capital Improvement Program funding of \$200 million (\$40 million per year) over the next five years, as well as a fully funded state AIP program at \$8 million a year to match available federal funding under the FAA Airport Improvement Program. We believe the magnitude of the projected state budget surplus heading into the next fiscal year will help make this level of funding possible.

NYAMA is aware of the difficulties and challenges state transportation policymakers face in trying to develop a new, reoccurring aviation financial assistance program at a time when all transportation systems are under stress from age, heavy use and deferred maintenance. Similarly, much of the airport infrastructure remains or is becoming ill-suited to spur economic activity.

The cost of addressing the growing needs of the transportation system is great, but will only increase if we delay action. New York State must invest now for effective aviation infrastructure programs or face much higher, perhaps prohibitive, prices later when decay has made the challenges far worse.

Conclusion

NYAMA and its members across New York State support your efforts to ensure that the State pursues policies that are pro growth and pro job creation in these tough fiscal times. Strong state investment in our airports is one of these strategies.

We look forward to continuing to working with you and our other state elected officials to insure that the next 5-Year Capital Plan establishes appropriate levels of funding for a robust and permanent airport capital program and a fully-funded AIP program.

Together, we can enhance our airports and aviation assets in ways that create new jobs, increase economic development and improve airport services so that all regions of New York can compete effectively with other states for business aviation and scheduled commercial service for the benefit of all New York's citizens.

Thank you.

January 29, 2015