



COLORADO
Aeronautical Board

June 10, 2014

**2014 Budget Amendment and
UAS Funding Options**

Teleconference Board Meeting

MEMBERS PRESENT:

Joseph Thibodeau	Chairman
Debra Wilcox	Secretary
Jeff Forrest	
Ray Beck	
John Reams	
William "T" Thompson	(left at 3:30 pm)

MEMBERS ABSENT:

Kenny Maenpa	Vice Chair
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OTHERS PRESENT:

Christine Eldridge	CDOT – Division of Aeronautics
Greg Goldman	CDOT – Division of Aeronautics
Dave Gordon	CDOT – Division of Aeronautics
TK Gwin	CDOT – Division of Aeronautics
Lenore Manzer	CDOT – Division of Aeronautics
Leo Milan	Office of the Attorney General
Bill Payne	William E. Payne & Associates

1. The teleconference commenced at 2:05 P.M. Joseph Thibodeau called the meeting to order and recognized a quorum.
2. ***BUDGET AMENDMENT TO INCREASE PERSONAL SERVICES – DAVE GORDON & TK GWIN***

Dave Gordon informed the Board that the Division is asking for an additional \$80,000 to cover administrative costs for this year's staff budget. He explained that changes in staff, reallocations and reorganization are the main reasons behind the request. He clarified that adjustments have been made to accommodate next year's budget.

Due to the current audit of the transportation Boards and Commissions, Joseph Thibodeau expressed his concern that the aeronautical board was conducting its business legally. TK Gwin reassured Joe that the audit that is currently taking place is based on transparency and proper protocol regarding the sunshine laws rather than procedural issues. TK told the Board that one of the purposes of this teleconference is so the staff can ask for the Board's recommendation to take the Division's budget request to the Transportation Commission (TC) for approval. For legal clarification, Leo Milan affirmed that, according to C.R.S. 43-10-105(f), the governing documents specifically state that the Board shall set and adopt, on an annual basis, a budget for the division, including recommendations to the Transportation Commission for the amount to be allocated for administrative costs.

Greg Goldman explained the breakdown of the 2.5% allocated to the Division from fuel tax revenues. Greg and TK Gwin also clarified that the total budgeted for FY14 was \$700,000 and the need for the additional \$80,000 brings it to a total of \$780,000. An adjustment up to \$800,000 for FY15 has already been set with CDOT but Greg said the numbers would still be brought before the Board for review. In response to William "T" Thompson's question, TK explained that the need for the additional budget amount didn't show up until this year because this is the first time the Division has been fully staffed. TK also established that the Division does not anticipate having the same issue in future. Joseph Thibodeau said the Division's cap is at 5% and recognized that it is well below that at 2.5%. Greg acknowledged that even with these proposed changes, the staff is still well within half its cap.

William "T" Thompson made the MOTION to approve the budget amendment and John Reams seconded.

The MOTION carried unanimously.

Joseph Thibodeau requested an update regarding the Sunshine Law audit that is currently taking place so Dave Gordon gave a brief overview of public concerns

regarding the CDOT/US Highway 36 issue where the general public claims they were not kept properly informed of the process. As a result, this concern instigated some legislative action to look into the process under which CDOT holds their public meetings. It is an internal audit process that is taking place in order to look at the way in which the High Performance Transportation Enterprise (HPTE) program conducted those public meetings. CDOT decided they would do the same review with all the Boards and Commissions within CDOT, which includes the Division of Aeronautics Board, the Transportation Commission, the High Performance Transportation Board and Bridge Enterprises. The auditors want to see how meetings are advertised to the public in order to follow state statute. Leo Milan specified that he felt comfortable with the Board's transparency thus far. Ray Beck suggested that at the beginning of each year, the Board establish an approved resolution which states when and where the meetings would be posted and it only has to be done once a year. Dave Gordon added that, since this was an internal audit, the results would go to the CDOT Director, Don Hunt, each one of the Boards and Commissions being audited, as well as the Audit Review Committee, which is a subcommittee of the Transportation Commission.

3. *UAS/UAV UPDATE – DAVE GORDON & BILL PAYNE*

Dave Gordon gave a brief update on the activities involving the state taking a leadership role in establishing a Colorado UAS test and evaluation facility. He said in recent discussions with the Board, using the SIB as a possible revenue source to fund the test facility had been suggested, but CDOT Headquarters is requesting a more detailed business plan before that proposal can be taken into consideration. He stated one of the purposes of this teleconference is to discuss alternative sources for funding a UAS test facility and then introduced Bill Payne's memo entitled 'Colorado UAS Test and Evaluation Facility Funding and Operational Options' which lists four different possible scenarios.

Bill Payne announced that, after meeting with the UAS Integration Office in Washington DC, he learned that they have had a turnaround, albeit with some caveats, from what they originally said on allowing UAS operations at non-towered airports and, also, that the FAA has just approved the first UAS over land in Alaska. He reported that conversations up to this point have revolved around the Division establishing a test facility where UAS manufacturer's in the state, as well as potentially out of state, could bring their vehicles to test and train at a site the State would stand up. The unique part of this concept is that this facility would deploy a Ground Based Sense and Avoid System (GBSAA), which would consist of a primary and secondary radar source. He referred to his memo that shows four potential ways to either fully fund, or partially fund, a test facility. He listed three companies that are potentials for operating this facility by providing equipment as well as range management. He said out of those three, Exelis, showed the most interest. Bill Payne would like to meet with Exelis while

they are in Colorado but is, first, requesting the Board's approval for go-ahead. He would like to partner with one of these entities in order to limit the state's financial exposure as far as capital and range management costs are concerned. He stated there are several different plans that can be addressed but he believes a partnership with an industry partner that is capable of providing equipment, as well as range management to help alleviate costs would be the optimum choice. He also suggested the state fund the equipment and then the partner supply the integration and systems engineering required. The downside might be that the state would lose a certain amount of control. The state could provide the COA and also produce or provide a statement of air worthiness.

Joseph Thibodeau invited the Board's comments:

Debra Wilcox said the Division needs to act on this relatively quickly. Even though the Board is a little unsure of the plan needed by CDOT, she would like to encourage them more on the SIB funding options. She thinks partnering with industry partners is a good idea but the Division needs to move forward as quickly as possible. She added that no matter what funding option the state decides upon, she would still like CDOT to be in control of the facility.

Ray Beck asked if Bill Payne suggested one of the four scenarios listed on the memo over any of the others and Bill responded by saying he recommends scenario #3 which includes financial participation. Bill said negotiation with industry partners would need to take place and they would take a hard look at what a potential partner is willing to do. Ray said we need to gather more information but supports it.

William "T" Thompson's thoughts were that he also supports the plan but he would like to see more detail, more specifics. He stated that the Board is not in a position to make decisions, as yet, but he supports the plan to move forward.

Jeff Forrest agreed that the Division needs to move on it, and move very aggressively. The Board needs to empower Bill Payne and let him go forward with talks as needed. He is also nebulous on the plan but agrees that the Division needs to move forward very aggressively.

John Reams agreed there is a need to have Bill Payne pursue this and is for moving this right along.

Joseph Thibodeau then asked Bill Payne how he was going to proceed. Bill proposed that, with these three interested partners lined up and ready to go, he would now like to sit down and negotiate with them. He would like to talk about the State bringing some money to the table on a multi-year program and then deliberate on how much money the potential partners are willing to bring so he can get specifics on final cost. He still doesn't know what these potential partners are willing to do because so far he has only talked in vague terms. Bill

said the interested partners have a clear understanding of equipment requirements as well as the cost of equipment but the nebulous part is if the state can legally enter into a multi-year contract. The potential partners wouldn't want to lose their initial investment or have to pull equipment. Leo Milan clarified that the governing documents state the Aeronautics Division can enter into contracts with public or private entities and then he spoke a little about the legality of entering into a contract utilizing discretionary grant monies or the SIB program but that the details still need to be clarified.

Debra Wilcox spoke about the transparency issues and warned everybody to keep those in mind as this project progresses. She said no matter which way the State decides, there will be those that suggest it was done differently. US Highway 36 needs to be used as an example and lessons need to be learned from that. We need to make sure that if a public-private partnership is being considered, the Board maintains whatever level of transparency is necessary and required.

In response to Joseph Thibodeau's inquiry, Bill Payne said the second purpose of today's meeting is to obtain the authority from the Board to move forward with the potential commercial providers and Joe responded that the Board gives enthusiastic endorsement of the idea to proceed.

Joseph Thibodeau queried the Board for additional comments or suggestions and moved that Bill Payne should press on with these discussions. Ray Beck agreed and reiterated that the Board needs to form a small sub-committee to help Bill Payne form a business plan to present to CDOT. Dave Gordon suggested that Bill Payne, TK Gwin, Leo Milan and himself get together with Bob Corman in the CDOT Procurement Office and lay out some of these potential scenarios and discuss what is needed to justify sole source.

Ray Beck made the MOTION to adjourn and Debra Wilcox seconded.

4. The teleconference concluded at 3:45 P.M.