

COLORADO DEPARTMENT OF TRANSPORTATION

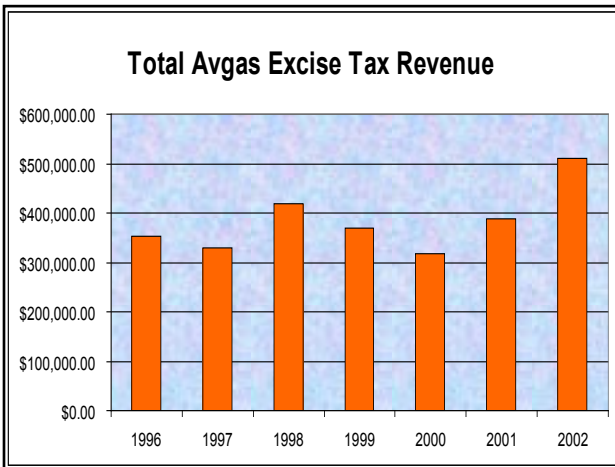


AERONAUTICS DIVISION 2003 ANNUAL REPORT

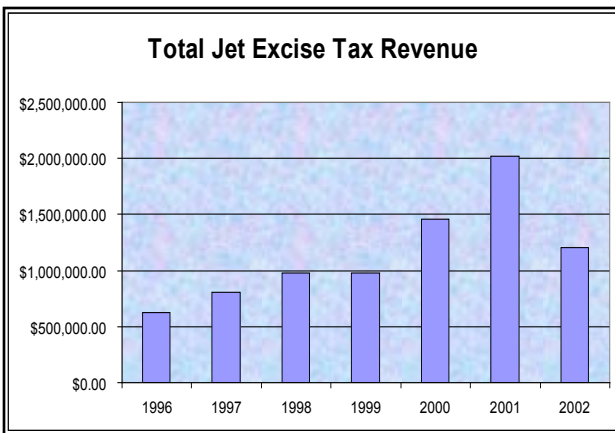
In support of the Colorado Department of Transportation's development of a forward-looking multi-modal transportation system for the 21st century, the Colorado Division of Aeronautics shall promote partnering with its public and private constituents to enhance aviation safety, aviation education and the development of an effective air transportation system through the efficient administration of the Colorado Aviation Fund.

Prepared October 2003
www.colorado-aeronautics.org

ENTITLEMENT TAX REFUNDS



The charts that are part of this page reflect the full amounts of excise and sales taxes collected from January through December 2002.



The most significant contributions to the Colorado Aviation Fund are from taxes collected at the commercial service airports as a 2.9% sales tax on jet fuel sold to commercial carriers. 65% of these tax revenues are reimbursed to the airport of origin as entitlement refunds; the remainder is used for operating costs at the Aeronautics Division and to fund discretionary grants awarded by the Colorado Aeronautical Board annually for 30-40 individual airport projects.

Entitlement refunds become part of the airport's operating budget, are used to maintain the airport infrastructure or becomes part of capital improvements made in conjunction with other state and federal funding programs.

Aviation fuel taxes paid when aircraft are refueled at any of Colorado's airports find their way back to the aviation community in the form of discretionary aviation grants and through the Entitlement Refund program.

Each year millions of dollars are collected at Colorado airports as excise and sales taxes. Pilots pay tax of \$.06 per gallon on avgas and \$.04 per gallon on non-commercial jet fuel at the point of purchase. \$.04 of the cost of each gallon of fuel purchased is returned to the airport of origin in the form of an entitlement refund. The remaining \$.02 per gallon tax revenue from avgas becomes part of the discretionary aviation grant program. Through December 2002, excise taxes on avgas and jet fuel totaling \$1,344,282 were refunded to Colorado airports as entitlement refunds. Jet fuel sales tax entitlement refunds amounted to \$5,728,450 during 2002.

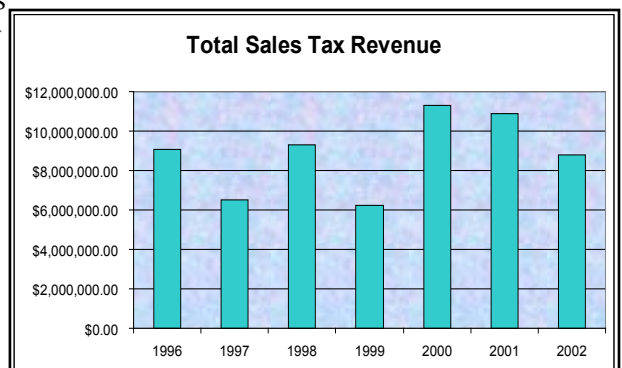
2002 REFUND TOTALS

TOTAL AVGAS EXCISE REFUND
\$191,788

TOTAL JET EXCISE REFUNDS
\$1,152,494

TOTAL JET SALES REFUNDS
\$5,728,450

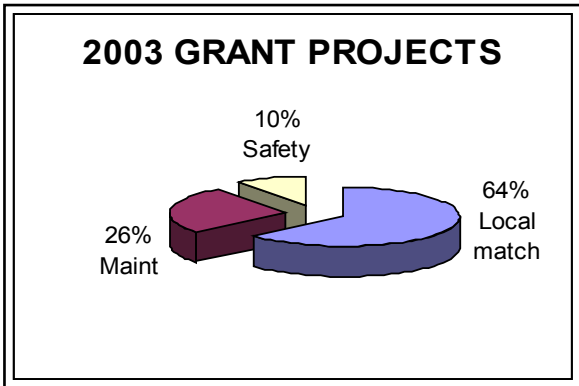
Tax revenues showed a drop of nearly 15% from the previous years, reflecting the general downturn in both the airlines and general aviation industries. In keeping, entitlement refunds were smaller in 2002 than in earlier years.



COLORADO DISCRETIONARY AVIATION GRANT PROGRAM

As increasingly greater amounts of FAA Airport Improvement Program (AIP) funds are offered to airports, the need for significantly larger amounts of local matching funds becomes imperative.

Colorado airport sponsors are turning to the Colorado Discretionary Aviation Grant Program (CDAG) as a means of obtaining those federal funds for Colorado airports by requesting grants to assist with a portion of local match.



At the same time, it remains a high priority to assure that Colorado’s system of airports continues to receive routine maintenance to meet the needs of the flying public. Safety issues also remain a top priority.

Coupled with the greater demand for State participation with airport funding is the reality of decreasing tax revenues available for the grant program, that have resulted from the slow-down in both the commercial and general aviation industries.

In 2003, more than \$2.6M was awarded as individual grants to public-use, publicly-owned airports; another \$710,000 supported statewide aviation programs.



Results from a test platform resurfacing project at the Glenwood Springs Municipal Airport, using rubber asphalt paving materials which incorporate crumb rubber from waste auto tires, hold tremendous potential for similar airports throughout the State. The product is expected to give double the longevity and better surface presence, while all but eliminating reflective cracking from the runway base. High expectations for use of this product at similar airports is being carefully considered by the Division.

Multi-year projects continued at Gun-nison County Airport, Colorado Springs Municipal Airport, Greeley-Weld County Airport. Construction began in spring 2003 on a new air traffic control tower for the Eagle County Regional Airport. Runway reconstruction was completed at the San Luis Valley Regional Airport in Alamosa and Durango-La Plata County Airport.



AIRPORT CAPITAL IMPROVEMENT PROGRAM

Each year, Colorado Division of Aeronautics and the FAA-Denver Airports District Office planners assist general aviation, reliever and small commercial service airports in maintaining a five-year Capital Improvement Program (CIP). This process includes the updating and implementing of capital projects and costs for years 2004 through 2009.

Through joint planning conferences, individual airport site visits and various other meetings, individual capital projects are identified, evaluated, prioritized and recommended for inclusion in the federal Airport Capital Improvement Program.

Over the past several years, the amount of federal airport improvement funding has increased significantly. The Colorado Discretionary Aviation Grant program has consistently participated with the airport sponsor in meeting the 10% local match for these federal funds.

Jefferson County Airport in metro Denver will begin the process of relocating Taxiway "A" to meet current runway/ taxiway separation safety standards. Stevens Field at Pagosa Springs continues safety enhancements to its runway that will allow use by larger and faster aircraft.

AIRPORT CATEGORY	NO. OF PROJECTS	TOTAL FUNDS
Primary Commercial Service	15	16.2M
Small Commercial Service	4	.8M
Reliever	5	6.9M
General Aviation	28	12.7M
System Planning	1	.2M
TOTAL AIP FUNDS IN 2003		36.8M
Figures exclude Denver International Airport		

AVIATION EDUCATION

Kids are a vital part of the Division's thrust toward education...it is the goal of the AvEd program to form a strong bond with students, pilots organization, teachers and the general public alike - to bring an awareness of aviation into the community.

In its first year to function as an internal Division program, the aviation education program hopes to establish partnerships and act as a clearing house for aviation activities statewide.

Programs in place at this time are:

- AvEd Arenas - hands-on activities that let kids have fun while learning about aviation.
- On-site visits to middle and high schools for in-depth learning experiences.
- On-going development of a teacher's resource library.
- Comprehensive calendar of aviation events on our website
www.colorado-aeronautics.org



AVIATION STATE INFRASTRUCTURE BANK

A revolving source of low-interest capital is available to assist airport sponsors in the development of their airports from the Aviation State Infrastructure Bank.

In 2003, the Colorado Transportation Commission increased the Bank's capacity to support our aviation system with the addition of \$6M, bringing the total funds available to nearly \$10M. Of particular importance in the Commission's decision to expand the Bank's lending potential was the assurance that large amounts of federal funding from the FAA Airport Improvement Program might be accessed and matched by local sponsors.

Colorado anticipates \$190M in federal funds for capital improvements at general aviation and small commercial service airports in the next three years. Such funds require a 10% local match.

Loan applications are reviewed and recommended to the Transportation Commission by the Colorado Aeronautical Board, which also oversees the Colorado Discretionary Aviation Grant program.



MOUNTAIN AIRPORT STUDY

Colorado's mountain airports play an integral part in the aviation system of our State. They provide access for visitors and home owners alike; they bring tourists and sportsmen to our recreation areas in both summer and winter; they offer immediate response for medical and natural emergencies; they offer a link for businesses and professional services.



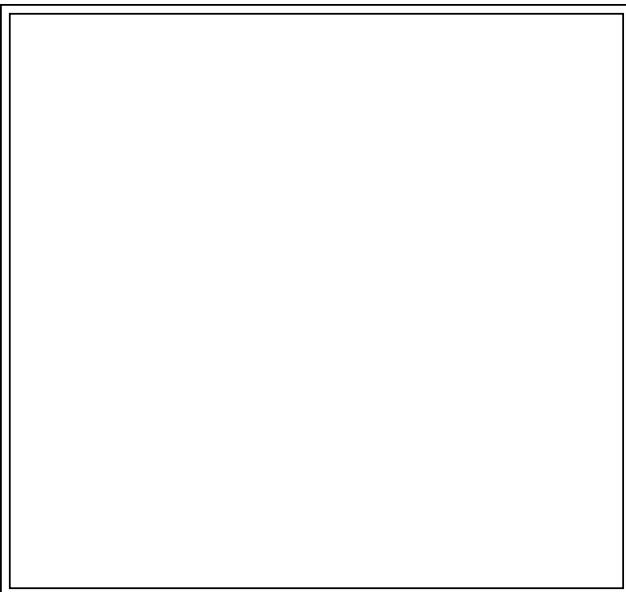
The 2003 Mountain Airport Study confirms changes in the role of the mountain airports since the study of 1993. At that time, the study was adequate

to address the management of mountain airports. The 2003 update looks at the impact of the 2003 update on the State's economy and system, the need for additional capacity at commercial airports, and the impact by business jets on the State's economy and system, the need for additional airports, as well as re-addresses the con-
decade ago.

Capacity and safety improvements are currently underway at Stevens Field, Pagosa Springs, Gunnison-Crested Butte Airport, Montrose Regional Airport, Aspen-Pitkin County Airport. A new control tower is under construction at Eagle County Regional Airport.

PAVEMENT CONDITION INDEX

Each year, the Division undertakes the analysis of all existing airport surfaces and ranks them for durability, safety, life-cycle and recommended maintenance. By so doing, long term needs can be identified and available funding budgeted to do the most good.



Over the past five years, the Pavement Condition Index for all airport pavements has risen significantly. In the analysis of 1999, 69% of pavements were indexed as "Good". In 2003, 79% of pavements were indexed as "Good". In 2003, 91% of Colorado pavements were identified in the "Good/Fair" category.

During the same period, the Colorado Aeronautical Board has underwritten a program of 75% rebates to airports purchasing crackfill materials for installation on their facilities, in an effort to prevent traditional pavement deterioration from the effects of the elements.

ECONOMIC IMPACT OF AIRPORTS

The 2003 study identifying the ECONOMIC IMPACT OF AIRPORTS IN COLORADO was made public in late October and revealed an economic contribution by airports of more than \$23.5B in total economic activity, accounting for 280,000 jobs and nearly \$10B in wages.

The purpose of the report was to highlight the contributions made by airports to our economy by identifying the benefits to local communities found in jobs, payrolls and output.



Visitors arriving at statewide airports contribute widely through expenditures for lodging, food, entertainment and retail purchases. Nearby industrial areas rely heavily on airports for just-in-time deliveries and corporate travel. Communities benefit from search-and-rescue, aerial fire fighting and agricultural services, medical transport and public safety activities.

Colorado's 13 commercial service airports are the backbone of the state's aviation system. They produce total impacts of more than \$21B and employ 260,000 people with combined annual salaries of more than \$9B.

The 65 general aviation airports provide an extensive network of aviation facilities that serve both business and recreational users across the state and produce in excess of \$1.5B in economic activity and nearly 20,000 jobs.

Total economic impacts are derived from the sum of:

ON-AIRPORT IMPACTS - direct expenditures such as payroll and operating costs from airports, airlines, FBOs, maintenance facilities, ground transportation, etc.

VISITOR SPENDING - expenditures by air travelers for lodging, food, entertainment and retail purchases.

SPIN-OFF IMPACTS (multiplier effect) - calculations reflecting the recycling of dollars from airports activity through the economy.

TOTAL ECONOMIC IMPACT COLORADO PUBLIC USE AIRPORTS

Type of Impact	Jobs	Wages	Economic Activity
On-Airport Direct	50,371	\$2,395,102,000	\$5,644,528,000
Visitor Spending	98,052	\$2,101,824,000	\$4,956,268,000
Spin-Off	129,927	\$5,261,270,000	\$12,875,963,000
TOTAL ECONOMIC IMPACT FOR ALL AIRPORT	278,350	\$9,758,196,000	\$23,476,759,000

COLORADO AERONAUTICAL BOARD

The Colorado Aeronautical Board is the policy-making body that oversees the operations of the CDOT-Aeronautics Division. It is an honorary seven-member Board appointed by the Governor to serve three-year terms as representatives of defined constituencies in the aviation community.



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