

Program Budget Comparison

The following table summarizes the total Legislative budget by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2014	Approp. Fiscal 2015	Legislative Budget 2016	Legislative Budget 2017	Biennium Fiscal 14-15	Biennium Fiscal 16-17	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00 %
Personal Services	675,136	680,874	748,143	749,082	1,356,010	1,497,225	141,215	10.41 %
Operating Expenses	702,263	791,284	7,797,545	894,443	1,493,547	8,691,988	7,198,441	481.97 %
Grants	386,052	426,000	424,000	424,000	812,052	848,000	35,948	4.43 %
Transfers	6,901	7,478	6,901	6,901	14,379	13,802	(577)	(4.01)%
Total Costs	\$1,770,352	\$1,905,636	\$8,976,589	\$2,074,426	\$3,675,988	\$11,051,015	\$7,375,027	200.63 %
State/Other Special Rev. Funds	1,585,078	1,704,848	1,885,137	1,883,024	3,289,926	3,768,162	478,236	14.54 %
Federal Spec. Rev. Funds	185,274	200,788	7,091,452	191,402	386,062	7,282,853	6,896,791	1,786.45 %
Total Funds	\$1,770,352	\$1,905,636	\$8,976,589	\$2,074,426	\$3,675,988	\$11,051,015	\$7,375,027	200.63 %

Program Description

The Aeronautics Program: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations, and fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 4) coordinates and supervises aerial search and rescue operations. The program administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The program serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities. The program is also responsible for operation of the airport at West Yellowstone and for 15 other state-owned airports.

Program Highlights

Aeronautics Program Major Budget Highlights
<ul style="list-style-type: none"> • The 2017 biennium legislative appropriation was an increase of 158.7%, or \$6.8 million, from the 2015 legislative appropriation. The change was largely due to the following: <ul style="list-style-type: none"> ◦ The significant budgetary increase is related to the adoption of projects at the West Yellowstone and Lincoln Airports <ul style="list-style-type: none"> ▪ Costs are principally funded with federal funds ▪ Without consideration of the projects, the budget for this program is an increase of 0.2% from the 2015 legislative appropriations

Program Narrative

The significant change in this program budget is related to the \$6.4 million new proposal to design and reconstruct the apron area and taxiway at West Yellowstone Airport. While this is a West Yellowstone airport project, the request has been made in the Aeronautics Program budget. The state match to these anticipated federal dollars is \$750,000, or an approximate 9.1% state match and is included in the budget for the proprietary West Yellowstone Airport program. The legislature also adopted project funding for improvements at the Lincoln Airport. This project constructs a new hangar taxi-lane, providing the availability of space to triple the number of hangars. Because hangar rentals are the only source of funding for the airport, this project should have a significant impact on revenues. Without consideration of these two new construction projects, the growth in this program budget would be a 0.2% increase from the 2015 legislative appropriations.

Funding

The following table shows program funding by source from all sources of authority.

Department of Transportation, 40-Aeronautics Program Funding by Source of Authority							
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds		
General Fund	0	0	0	0	0.00 %		
02286 Aeronautical Loan Account	898,900	0	0	898,900	23.86 %		
02287 Aeronautical Grant Account	501,100	0	0	501,100	13.30 %		
02349 Highway Non-Restricted Account	297,782	0	0	297,782	7.90 %		
02827 Aeronautics Division	1,930,380	0	0	1,930,380	51.23 %		
02962 Airport Pvm. Preservation	140,000	0	0	140,000	3.72 %		
State Special Total	\$3,768,162	\$0	\$0	\$3,768,162	30.65 %		
03060 Aeronautics Division	7,282,853	0	0	7,282,853	100.00 %		
03407 Highway Trust - Sp Rev	0	0	0	0	0.00 %		
Federal Special Total	\$7,282,853	\$0	\$0	\$7,282,853	59.24 %		
06007 West Yellowstone Airport	0	1,242,027	0	1,242,027	100.00 %		
Proprietary Total	\$0	\$1,242,027	\$0	\$1,242,027	10.10 %		
Total All Funds	\$11,051,015	\$1,242,027	\$0	\$12,293,042			

The Aeronautics Program is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from Federal Aviation Administration grants.

Non-budgeted funding, as seen in the figure above, is derived from the rates charged at the West Yellowstone Airport and fund operations at the airport.

Budget Summary by Category

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

Budget Summary by Category									
Budget Item	-----General Fund-----				-----Total Funds-----				
	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	Leg. Budget Fiscal 2016	Leg. Budget Fiscal 2017	Leg. Biennium Fiscal 16-17	Percent of Budget	
2015 Budget	0	0	0	0.00 %	2,067,086	2,067,086	4,134,172	37.41 %	
PL Adjustments	0	0	0	0.00 %	136,667	7,340	144,007	1.30 %	
New Proposals	0	0	0	0.00 %	6,772,836	0	6,772,836	61.29 %	
Total Budget	\$0	\$0	\$0		\$8,976,589	\$2,074,426	\$11,051,015		

Present Law Adjustments

The "Present Law Adjustments" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

Present Law Adjustments										
	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 515 - State Share Health Insurance	0.00	0	4,166	208	4,374	0.00	0	4,166	208	4,374
DP 520 - Fully Fund 2015 Legislatively Authorized FTE	0.00	0	13,241	0	13,241	0.00	0	13,241	0	13,241
DP 525 - Fixed Cost Adjustment	0.00	0	6,238	0	6,238	0.00	0	6,935	0	6,935
DP 527 - Inflation/Deflation Adjustment	0.00	0	(11,383)	0	(11,383)	0.00	0	(8,911)	0	(8,911)
DP 529 - Longevity and Other Adjustments	0.00	0	4,331	228	4,559	0.00	0	7,031	371	7,402
DP 550 - Motor Pool Rate Adjustment	0.00	0	(36)	0	(36)	0.00	0	(36)	0	(36)
DP 570 - Additional Personal Services Adjustments	0.00	0	42,840	2,255	45,095	0.00	0	41,031	2,160	43,191
DP 580 - Additional Operating Adjustments	0.00	0	(56,579)	(11,758)	(68,337)	0.00	0	(59,647)	(12,125)	(71,772)
DP 4000122 - Equipment Rental - Program 40	0.00	0	7,600	0	7,600	0.00	0	7,600	0	7,600
DP 4004001 - Aeronautic Loans and Grants	0.00	0	146,766	0	146,766	0.00	0	146,766	0	146,766
DP 4004003 - Aeronautic Charts (OTO)	0.00	0	0	0	0	0.00	0	20,000	0	20,000
DP 4004005 - Pavement Condition & System Plan	0.00	0	15,000	135,000	150,000	0.00	0	0	0	0
DP 4004009 - Combination of Biennial Authority	0.00	0	(161,450)	0	(161,450)	0.00	0	(161,450)	0	(161,450)
Grand Total All Present Law Adjustments	0.00	\$0	\$10,734	\$125,933	\$136,667	0.00	\$0	\$16,726	(\$9,386)	\$7,340

**"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 515 - State Share Health Insurance -

The legislature provided appropriation authority for the state share of health insurance, as adopted by the 2013 Legislature.

DP 520 - Fully Fund 2015 Legislatively Authorized FTE -

The legislature provided appropriation authority to restore personal services funding to create a vacancy savings rate of zero.

DP 525 - Fixed Cost Adjustment -

The legislature adopted proprietary rates for fixed costs charged to state agencies for services such as information technology or rent and grounds maintenance within the capitol complex. Rates for messenger services, legislative audit, grounds maintenance, records management, agency legal costs, and the statewide cost allocation plan were adopted as proposed by the executive. The legislature lowered proprietary rates for warrant writer, payroll services, SABHRS, SITSD fees, and rent. The legislature increased insurance premiums to provide for increased costs of claims and to establish a reserve for the insurance fund.

DP 527 - Inflation/Deflation Adjustment -

The legislature adopted inflation/deflation factors for budgeted expenditures such as food or electricity. The legislature concurred with the executive on the factors with the exception of gasoline, aviation gasoline, diesel fuel, and jet fuel. For these factors the legislature further deflated costs to align the budget with more current information on declining prices of oil and gas projected to continue into the 2017 biennium.

DP 529 - Longevity and Other Adjustments -

The legislature adopted personal service adjustments for unemployment insurance, workers compensation rates, longevity, and retirement benefits.

DP 550 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to the motor pool rates.

DP 570 - Additional Personal Services Adjustments -

The legislature adopted all other personal service cost adjustments, except the annualization of the 2015 biennium pay plan.

DP 580 - Additional Operating Adjustments -

The legislature adopted all other operating cost adjustments.

DP 4000122 - Equipment Rental - Program 40 -

The legislature adopted equipment rental charges for the 2017 biennium.

DP 4004001 - Aeronautic Loans and Grants -

The legislature adopted the authority for airport safety and development grants and loans. Communities often leverage these grants and loans against federal funds available for safety and development.

DP 4004003 - Aeronautic Charts (OTO) -

The legislature adopted the authority for producing an aeronautical chart, which is produced every four years. This chart incorporates the latest federal FAA aeronautical information. It also identifies and graphically depicts aeronautical items unique to Montana that are not reflected on other federally produced charts. It is not possible to produce this chart in house. This authority is one-time-only.

DP 4004005 - Pavement Condition & System Plan -

The legislature adopted the authority for the Pavement Condition Index. The system plan provides voluntary and mandated infrastructure and capital improvement plans that the Federal Aviation Administration (FAA) and state and local communities use to develop airport projects around the state.

DP 4004009 - Combination of Biennial Authority -

The legislature adopted a budget change combining biennial authority in the 2015 biennium.

New Proposals

The "New Proposals" table shows the adopted changes from the FY 2015 legislative appropriation. Each is discussed in the narrative that follows.

New Proposals	-----Fiscal 2016-----					-----Fiscal 2017-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4004004 - Yellowstone Airport Taxiway	0.00	0	0	6,421,831	6,421,831	0.00	0	0	0	0
DP 4004006 - Lincoln Airport Improvements	0.00	0	8,105	342,900	351,005	0.00	0	0	0	0
Total	0.00	\$0	\$8,105	\$6,764,731	\$6,772,836	0.00	\$0	\$0	\$0	\$0

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 4004004 - Yellowstone Airport Taxiway -

The legislature adopted a request for \$6,421,831 in federal special revenue for engineering design services necessary to prepare a complete set of plans and specifications for the reconstruction of the apron area and to reconstruct the only taxiway at the West Yellowstone Airport. These pavement surfaces must meet federal requirements to maintain the airport's commercial operating certificate and host scheduled air carrier service.

DP 4004006 - Lincoln Airport Improvements -

The legislature adopted authority for consulting and professional services related to the construction of a hangar taxi-lane, which will create opportunities for an additional 20 hangar building sites. There are currently 10 hangars at the airport and 2 additional sites are available for future construction. Hangar site rent paid is the only revenue generating source of income for the airport.

Other Issues

Proprietary Program Description

West Yellowstone Airport

The Yellowstone Airport is located in West Yellowstone, one mile from Yellowstone National Park. Commercial air service is available seasonally from June 1st to September 30th and the airport is usually open for private aircraft operations from mid-May through mid-November. The airport accomplishes its missions with extensive facilities to accommodate all sized aircraft and operations ranging from large commercial service jets to small piston aircraft.

Fees for leases and other business services are both market and recovery based. Additional operating expenses planned in the 2017 biennium include a runway maintenance project funded with 90% FAA AIP money and performed in accordance with FAA mandates and advisory circulars.

The West Yellowstone Airport program is funded with an enterprise proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. Statute requires that agencies providing enterprise/internal service functions must provide information related to the use of revenues obtained through rates and charges and the estimated fund balance of the proprietary fund. The report for the enterprise fund is seen below.

Operations of the West Yellowstone Airport are funded with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Total operating revenues in the 2017 biennium, as seen in the figure below, are expected to be \$417,772, decreasing 13.2% in comparison to the revenues in the 2015 biennium.

Expenses

In the 2017 biennium the West Yellowstone budget includes:

- Personal services - projected to increase by \$72,123 or 19.3%
- Operating costs – projected to increase by \$537,645 due to plans for taxiway reconstruction
- Total expenses – projected to increase by \$609,768

Revenues

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. The cash needed for 60-days of personal services and operating expenses average to \$44,195.

West Yellowstone Rates

The following table provides the rates that are expected to be charged during the 2017 biennium.

Fee/Rate Information		
	Budgeted FY 2016	Budgeted FY 2017
Fee Group A		
Landing Fees - Scheduled Air Carrier	\$1.25 / 1,000lbs	\$1.45 / 1,000lbs
Landing Fees - Other uses	9,001-16,500lbs =\$25.00	9,001-16,500lbs =\$30.00
Landing Fees - Other uses	>16,500 lbs - \$1.60/1000lbs	>16,500 lbs - \$1.70/1000lbs
Fuel Flowage Fee	\$0.08/Gallon	\$0.09/Gallon
Building Leases - Car rental, Airline	\$2.75-\$3.00/sq.ft.	\$2.75-\$3.00/sq.ft.
Building Leases -FBO, Hangar Ground	\$0.12/sq.ft.	\$0.12/sq.ft.
Adboards	\$225 ad board - \$400 special	\$225 ad board - \$400 special
Tax Transfers	\$8,000	\$8,000
Sales Receipts	10% of Gross Sales	10% of Gross Sales
Non-Aero Rentals		
Nevada Testing	6.00 psfpa + utilities +	6.00 psfpa + utilities +
City	\$11,000/Year	\$11,000/Year
Energy West	\$13,500/Year	\$13,500/Year
Yamaha	\$9,000/Year	\$9,250/Year
Chamber - Snow Shoot	\$1,250 + \$130.00 per day occupancy + \$250.00 Groomer Storage	\$1,375 + \$145.00 per day occupancy + \$275.00 Groomer Storage