

Program Budget Comparison

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

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	627,813	648,142	639,093	642,339	1,275,955	1,281,432	5,477	0.43%
Operating Expenses	617,251	1,496,226	1,168,717	890,734	2,113,477	2,059,451	(54,026)	(2.56%)
Grants	458,323	519,859	488,000	488,000	978,182	976,000	(2,182)	(0.22%)
Transfers	7,478	10,818	7,478	7,478	18,296	14,956	(3,340)	(18.26%)
Total Costs	\$1,710,865	\$2,675,045	\$2,303,288	\$2,028,551	\$4,385,910	\$4,331,839	(\$54,071)	(1.23%)
State Special	1,638,236	1,825,191	1,954,071	1,829,334	3,463,427	3,783,405	319,978	9.24%
Federal Special	72,629	849,854	349,217	199,217	922,483	548,434	(374,049)	(40.55%)
Total Funds	\$1,710,865	\$2,675,045	\$2,303,288	\$2,028,551	\$4,385,910	\$4,331,839	(\$54,071)	(1.23%)

The Aeronautics Division: 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 division 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 division 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 division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports.

Program Highlights

Aeronautics Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ The budget for the Aeronautics Program would be reduced by \$54,071 or 1.2% from the 2013 biennium budget <ul style="list-style-type: none"> ● Present law adjustments add \$633,442 to the base and include increases for pavement preservation grants/loans and updates to the annual state aviation system plan ● New proposals would add another \$276,667 in FY 2014 for cleanup and rehabilitation at the Lincoln airport ◆ Federal funding is reduced in this program because of the cancellation of a federally funded project for a equipment storage facility

Program Discussion

The Aeronautics Program has a HB 2 budgeted program and a non-budgeted proprietary program (West Yellowstone Airport). The main part of this section will analyze the HB 2 budget request for the Aeronautics Program and the analysis of the non-budgeted West Yellowstone Airport proprietary program is found in the proprietary section below.

The proposed reduction in the Aeronautics Program results from the cancellation of a federally funded project approved by the 2011 Legislature. The project would have funded the construction of a building for storage of firefighting and snow plowing equipment at a cost of \$475,000.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Aeronautics Program								
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category	
State Special Total	\$3,783,405	\$0	\$0	\$3,783,405	79.6%			
02286 Aeronautical Loan Account	\$700,000	\$0	\$0	\$700,000	14.7%			
02287 Aeronautical Grant Account	\$800,000	\$0	\$0	\$800,000	16.8%			
02349 Highway Non-restricted Account	\$275,670	\$0	\$0	\$275,670	5.8%			
02827 Aeronautics Division	\$1,839,735	\$0	\$0	\$1,839,735	38.7%			
02962 Airport Pvm. Preservation	\$168,000	\$0	\$0	\$168,000	3.5%			
Federal Special Total	\$548,434	\$0	\$0	\$548,434	11.5%			
03060 Aeronautics Division	\$548,434	\$0	\$0	\$548,434	11.5%			
Proprietary Total	\$0	\$418,753	\$0	\$418,753	8.8%			
06007 West Yellowstone Airport	\$0	\$418,753	\$0	\$418,753	8.8%			
Total All Funds	\$4,331,839	\$418,753	\$0	\$4,750,592	100.0%			
Percent - Total All Sources	91.2%	8.8%	0.0%					

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.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,710,865	1,710,865	3,421,730	78.99%
Statewide PL Adjustments	0	0	0	0.00%	3,698	5,559	9,257	0.21%
Other PL Adjustments	0	0	0	0.00%	312,058	312,127	624,185	14.41%
New Proposals	0	0	0	0.00%	276,667	0	276,667	6.39%
Total Budget	\$0	\$0	\$0		\$2,303,288	\$2,028,551	\$4,331,839	

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					37,417					40,798
Vacancy Savings					(26,537)					(26,672)
Inflation/Deflation					(3,206)					(1,917)
Fixed Costs					(3,976)					(6,650)
Total Statewide Present Law Adjustments		\$0	\$12,110	(\$8,412)	\$3,698		\$0	\$13,971	(\$8,412)	\$5,559
DP 4006 - Aeronautics Grants, Loans & Pavement Preservation	0.00	0	143,851	0	143,851	0.00	0	143,851	0	143,851
DP 4007 - Aeronautics State System Plan	0.00	0	15,000	135,000	150,000	0.00	0	15,000	135,000	150,000
DP 4008 - Reestablish Aeronautics Base	0.00	0	18,207	0	18,207	0.00	0	18,276	0	18,276
Total Other Present Law Adjustments	0.00	\$0	\$177,058	\$135,000	\$312,058	0.00	\$0	\$177,127	\$135,000	\$312,127
Grand Total All Present Law Adjustments	0.00	\$0	\$189,168	\$126,588	\$315,756	0.00	\$0	\$191,098	\$126,588	\$317,686

DP 4006 - Aeronautics Grants, Loans & Pavement Preservation – The executive requests an increase of the base budget to the original budgeted amount for the 2013 biennium and new appropriation authority for grant, loan and pavement preservation budgets as shown below.

DP 4006 - Aeronautics Grants, Loans & Pavement Preservation						
Type	Base Amount	Requested FY2014	Requested FY2015	FY 2014 Total	FY 2015 Total	Biennial Total
Airport Grants	\$394,823	\$5,177	\$5,177	\$400,000	\$400,000	\$800,000
Airport Loans	235,826	114,174	114,174	350,000	350,000	700,000
Pavement Preserv. Grants	<u>59,500</u>	<u>24,500</u>	<u>24,500</u>	<u>84,000</u>	<u>84,000</u>	<u>168,000</u>
Total	<u>\$690,149</u>	<u>\$143,851</u>	<u>\$143,851</u>	<u>\$834,000</u>	<u>\$834,000</u>	<u>\$1,668,000</u>

Airport grants for safety and development are issued based upon application and available funds. Airport loans for safety and development are issued based upon application and available funds. Pavement preservation grants are given to the seven large commercial service airports in the state for the purpose of preserving the runways and are awarded by the Aeronautics board.

DP 4007 - Aeronautics State System Plan – The executive requests appropriation authority of state special and federal special revenue that would fund an update to the annual state aviation system plan. Federal funds for this update are from a system planning grant from the FAA. The system plan provides both voluntary and mandated infrastructure and capital improvement plans that the FAA, state, and local communities use to develop individual airport projects around the state.

DP 4008 - Reestablish Aeronautics Base – The executive requests appropriation authority that would reestablish base budget for fuel, travel, supplies and equipment for the search and rescue program. Expenditures in this program were below average (59.2% of average) due to the lack of extended air searches during the base budget period. This request would also increase the Aeronautics Board per diem, travel, and meeting expenditures.

New Proposals

New Proposals	-----Fiscal 2014-----					-----Fiscal 2015-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4002 - Lincoln Airport Runway Improvements	40	0.00	0	16,667	150,000	166,667	0.00	0	0	0	0
DP 4004 - Lincoln Airport Cleanup	40	0.00	0	110,000	0	110,000	0.00	0	0	0	0
Total	0.00	\$0	\$126,667	\$150,000	\$276,667	0.00	\$0	\$0	\$0	\$0	\$0

DP 4002 - Lincoln Airport Runway Improvements – The executive requests appropriation authority for improvements at the Lincoln airport runway. The improvements are requested to meet current FAA pavement requirements and rehabilitation of the runway surfaces at the airport.

DP 4004 - Lincoln Airport Cleanup – The executive requests appropriation authority for cleanup activities at the Lincoln airport. The airport, now owned and operated by MDT, is located on a defunct post and pole treating plant. The agency is currently monitoring the site and actively developing the plans for cleanup and mitigation of pollutants and PCB soil contamination.

Proprietary Funds

Program Description

The Yellowstone Airport located in West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for other recreational opportunities in the surrounding greater Yellowstone area. Commercial air service is available seasonally from June 1st to September 30th annually and the airport is open for private aircraft operations usually from mid-May through mid-November. The airport accomplishes these missions with extensive facilities to accommodate all sized aircraft and operations ranging from large, four engine, commercial service jets to small, single engine, piston aircraft.

Fees for leases and other business services are both market and recovery based. Additional operating expenses planned in the 2015 biennium include a minor runway maintenance project funded with 90% FAA airport improvement program funds and performed in accordance with FAA mandates and advisory circulars. There is one airport manager who works 8 months full time and 4 months half time. The airport also has two other employees, an airport operations chief and an airport fire fighter who are employed seasonally.

This program is funded with an enterprise type 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. The report for the enterprise fund is available in the appendix.

LFD COMMENT	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. This information may be seen in the appendix of this report.
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Program Narrative

West Yellowstone Airport - 06007								
	Actual	Budgeted	Budgeted	Budgeted	2013 Bien	2015 Bien	Biennial	%
	FY2012	FY2013	FY2014	FY2015			Change	Change
Operating Revenues:								
Fee revenue	\$75,083	\$92,584	\$92,584	\$92,584	\$167,667	\$185,168	17,501	10.4%
Other Operating Revenues	<u>134,757</u>	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>264,757</u>	<u>260,000</u>	<u>(4,757)</u>	<u>-1.8%</u>
Total Operating Revenue	209,840	222,584	222,584	222,584	432,424	445,168	12,744	2.9%
Operating Expenses:								
Personal Services	135,417	157,683	150,959	150,748	293,100	301,707	8,607	2.9%
Other Operating Expenses	<u>61,411</u>	<u>71,060</u>	<u>51,746</u>	<u>52,118</u>	<u>132,471</u>	<u>103,864</u>	<u>(28,607)</u>	<u>-21.6%</u>
Total Operating Expenses	196,828	228,743	202,705	202,866	425,571	405,571	(20,000)	-4.7%
Operating Income (Loss)	<u>\$13,012</u>	<u>(\$6,159)</u>	<u>\$19,879</u>	<u>\$19,718</u>	<u>\$6,853</u>	<u>\$39,597</u>		

Expenses

Significant biennial costs for the program are:

- o Personal services for 2.00 FTE are \$301,707 or 74.4% of total costs
- o Operating costs are \$103,864 or 25.6% of total costs and include:
 - o Electricity and natural gas, \$41,228
 - o Consultant and professional services, \$22,974

In the 2015 biennium the West Yellowstone budget includes:

- o Personal services - projected to increase by \$8,607, or 2.9%
- o Operating costs – projected to decline by \$28,607, or 21.6%
- o Total expenses – projected to decline by 4.7%

Revenues

Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Total operating revenues in the 2015 biennium, as seen in the figure above, are expected to be \$445,168, an increase of 2.9% over revenues in the 2013 biennium.

Proprietary Rates

For the 2015 biennium the following rates are proposed by the executive. The rates charged in the base year are shown for comparison purposes. This information is provided for informational reasons only, and the Legislature is not required to approve the rates.

Most landing fees are not projected to increase in the 2015 biennium. Car Rental and Airlines rental space fees will increase from \$2.25 a square foot to \$2.50 a square foot and the building lease agreement with Nevada Testing will go from \$5.50 a square foot to \$6.00 a square foot.

West Yellowstone Airport Rates	
2015 Biennium Fees	
Description	Fee
Landing Fees	
Scheduled Air Carrier	\$1.10/1000 lbs.
Landing Fees	
Other Uses	9,001-16,500 lbs. = \$25
Landing Fees	
Other Uses	>16,500 lbs. = \$1.60/1000 lbs.
Fuel Flowage Fee	\$0.08/gallon
Building Leases	
Car Rental, Airline	\$2.50/sq. ft.
Building Leases	
FBO, Hangar Ground	\$0.12/sq. ft.
Ad Boards	\$200 per board
Tax Transfer	\$11,000 est.
Sales receipts	
Car Rental, Café, and Gift	10% of gross sales
<u>Non-Aero Rentals</u>	
City (2014 & 2015)	\$11,000 per year
Energy West (2014 & 2015)	\$13,500 per year
	6.00/sq. ft. + utilities + usage fee
Nevada Testing (2014 & 2015)	(\$975/customer annual +\$75/day)