

Good Morning

Chelsea Rayfield **Management & Program Analyst**

Chelsea joined LAD in July 2018. She has a Master of Public Administration from the University of Montana. Her previous work includes the Montana Developmental Center Closure audit and staffing the State Employee Settlements audit.



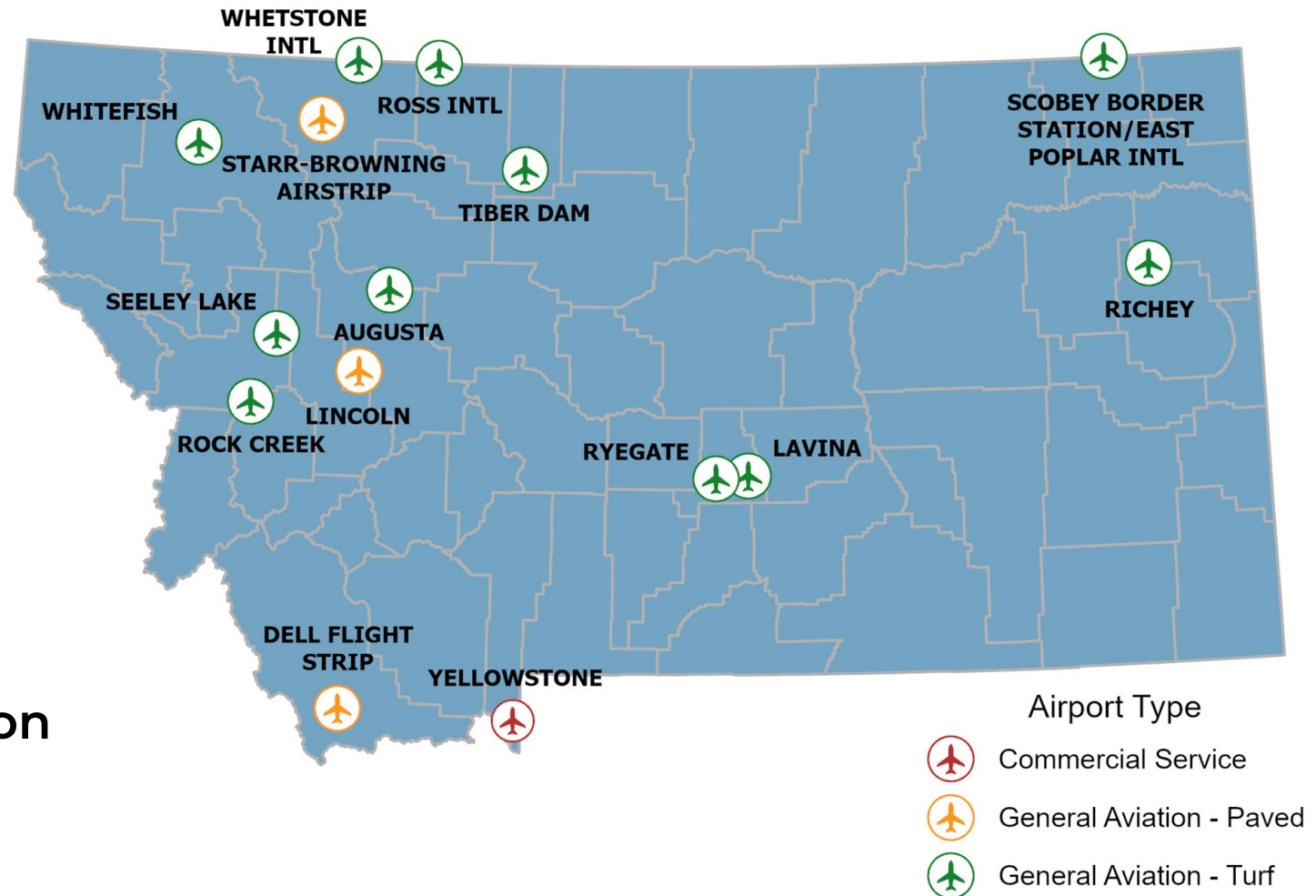
Fly the Big Sky: Division of Aeronautics and Yellowstone Airport

Montana Department of Transportation



DIVISION OF AERONAUTICS

- ✈ 11.5 FTE
- ✈ Airports/Airways Bureau
 - ✈ State-Operated Airports
 - ✈ Supports the board
- ✈ Safety & Education Bureau
 - ✈ Aircraft and Pilot Registration
 - ✈ Search and Rescue



BOARD OF AERONAUTICS

- ✈ Nine members
- ✈ Represent aviation stakeholders
- ✈ Review and approve airport grants and loans





OBJECTIVES

Division and board internal controls ensure program objectives are met?

Feasible options for the state to no longer operate Yellowstone Airport?

AIRPORT GRANTS AND LOANS PROGRAM





Airport Grants & Loans Program



Applicants must be
public entities



Board reviews &
approves awards



Funding sources



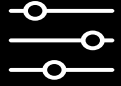
Division provides support

TOTAL FUNDING APPROVED BY THE BOARD

FY	2017	2018	2019	2020	2021	2022	2023
Total	\$662,900	\$603,668	\$575,529	\$637,101	\$3,650,000	\$2,005,371	\$3,350,000



Aviation fuel tax changes
by 2019 Legislature



Board establishes guidelines
but does not always follow



Board does not use a
standardized scoring tool

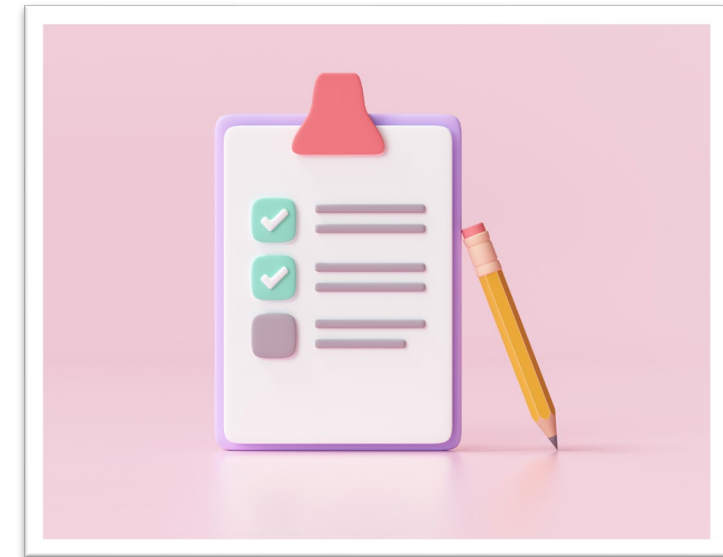


Reasons not always
in minutes



BEST PRACTICE

Scoring tool as primary
basis for award decisions



RECOMMENDATION #1

We recommend the department and board:

- A. Develop Administrative Rules requiring the board use a scoring system as the primary basis for awarding funding, and**
- B. Document all departures from the scoring system when approving funding.**

Department: Conditionally Concur

Board: Solicited but not received

AWARD CLOSEOUT PROCESS



Recipient reports final project costs



No documentation required



Best practices include confirming costs



RECOMMENDATION #2

We recommend the department:

- A. Require documentation supporting expenditures and costs as part of the closeout process.**
- B. Review documentation to ensure funding was spent appropriately and recipient does not need to reimburse.**

Department: Conditionally Concur

MANAGEMENT INFORMATION SYSTEM INTERNAL CONTROL CONCERNS



PROVIDED
THE BOARD
INACCURATE
INFORMATION

\$726,322
MIS-AWARDED
\$247,330 DISBURSED

RECOMMENDATION #3

We recommend the department implement sufficient internal controls to ensure the Airport Grants and Loans Program information system data is complete and accurate.

Department: Concur

AIRPORT LEASE PROGRAM



**LEASES FOR STATE-OPERATED
AIRPORT PROPERTY USE**



**DIVISION INCREASED
EFFICIENCY AND CONSISTENCY**



**ROOM FOR IMPROVEMENT:
CENTRALIZING**

RECOMMENDATION #4

We recommend the department implement and maintain a written standard leasing policy document to define and centralize policies, staff roles and their specific procedures, and program documentation.

Department: Concur

SCENARIOS FOR NO LONGER OPERATING YELLOWSTONE AIRPORT



YELLOWSTONE AIRPORT



Commercial service, seasonal
13,000 boardings CY 2021
Diverse lessees/users

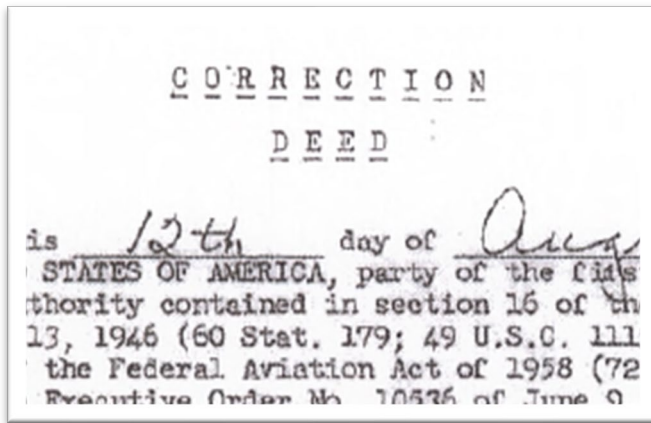


State sponsors uncommon
1987: Legislature attempted transfer/closure



KEY CONSIDERATIONS

laws & regulations



AIRPORT DEED

Reversion clause



FAA REGULATIONS

Grant assurances
and safety requirements



FAA PREROGATIVE

All changes
subject to approval

KEY CONSIDERATIONS

external considerations



ECONOMIC IMPACT

Regional access point

\$6.8m direct spending in 2015



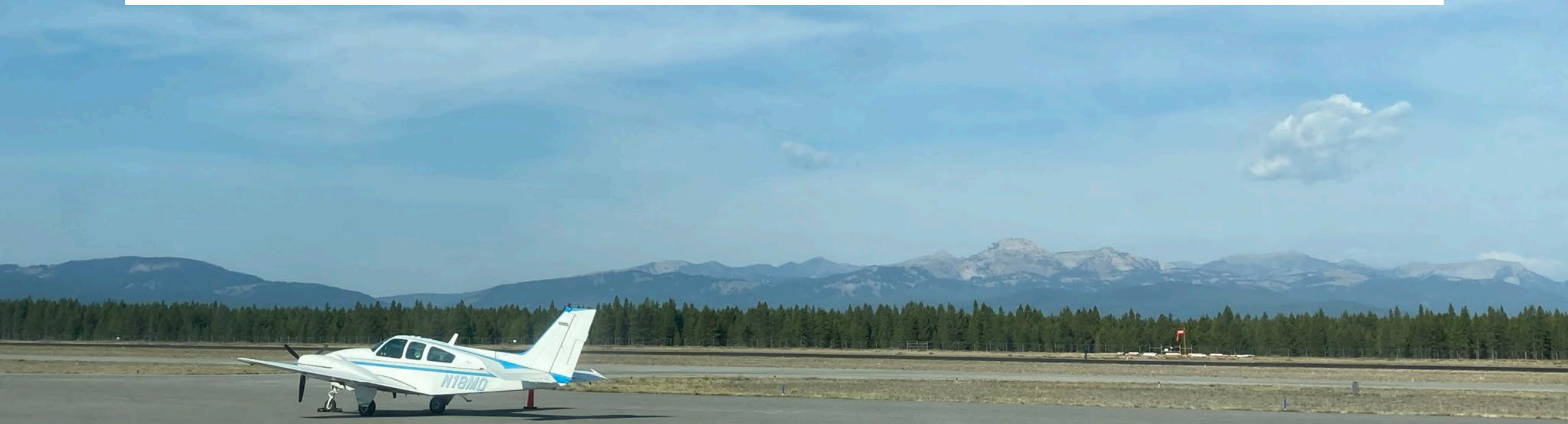
STAKEHOLDER IMPACT

Town of West Yellowstone

Other airport lessees and users

SCENARIOS FOR NO LONGER OPERATING YELLOWSTONE AIRPORT

scenarios



TRANSFER TO PUBLIC ENTITY



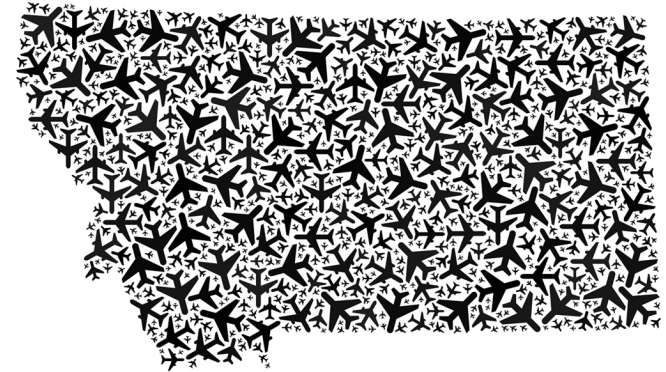
Most likely to be eligible



**No regional public entities
expressed outright willingness**



Regional airport authority



FULL PRIVATIZATION



Uncommon in US



Sponsorship transfer

FAA privatization program



FULL PRIVATIZATION

Airport Investment Partnership Program



Can waive federal obligations



Two successes since 1996



Regional FBO: Interested but
public sponsor more appropriate



PERMANENT CLOSURE

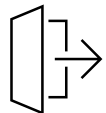


FAA approval unlikely



Wait out obligations until 2063

- **\$15 million** (2024-2028)



Abandonment

- **\$21 to \$24.4 million owed** (2023)



Significant legal and financial liabilities





✈ Thank you! ✈

Happy to answer any questions.