

**Program Budget Comparison**

The following table summarizes the total legislative 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	1,058,717	890,734	2,113,477	1,949,451	(164,026)	(7.76%)
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%)
<b>Total Costs</b>	<b>\$1,710,865</b>	<b>\$2,675,045</b>	<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,385,910</b>	<b>\$4,221,839</b>	<b>(\$164,071)</b>	<b>(3.74%)</b>
State Special	1,638,236	1,825,191	1,844,071	1,829,334	3,463,427	3,673,405	209,978	6.06%
Federal Special	72,629	849,854	349,217	199,217	922,483	548,434	(374,049)	(40.55%)
<b>Total Funds</b>	<b>\$1,710,865</b>	<b>\$2,675,045</b>	<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,385,910</b>	<b>\$4,221,839</b>	<b>(\$164,071)</b>	<b>(3.74%)</b>

**Program Description**

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**

<b>Aeronautics Program Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The budget for the Aeronautics Program is reduced by 3.7% from the 2013 biennium budget primarily due to the cancellation of a federally funded project for an equipment storage facility</li> </ul>

**Program Narrative**

The Aeronautics Program has a HB 2 budgeted program and a non-budgeted proprietary program (West Yellowstone Airport), included in the proprietary section below. The budget for the Aeronautics division funds the costs of operations and maintenance at the airports. The reduction in the division results primarily from the cancellation of a federally funded firefighting and snow plowing equipment storage construction project. The elimination of this project reduced the full amount of appropriation in the 2013 biennium (\$475,000) and provides the appearance of a reduced budget in the 2015 biennium. A new project appropriation for \$166,667, primarily funded with federal funds, will provide runway improvements at the Lincoln airport.

**Funding**

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

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	\$3,673,405	\$0	\$0	\$3,673,405	79.2%		
02286 Aeronautical Loan Account	\$700,000	\$0	\$0	\$700,000	15.1%		
02287 Aeronautical Grant Account	\$800,000	\$0	\$0	\$800,000	17.2%		
02349 Highway Non-restricted Account	\$275,670	\$0	\$0	\$275,670	5.9%		
02827 Aeronautics Division	\$1,729,735	\$0	\$0	\$1,729,735	37.3%		
02962 Airport Pvm. Preservation	\$168,000	\$0	\$0	\$168,000	3.6%		
Federal Special Total	\$548,434	\$0	\$0	\$548,434	11.8%		
03060 Aeronautics Division	\$548,434	\$0	\$0	\$548,434	11.8%		
Proprietary Total	\$0	\$418,753	\$0	\$418,753	9.0%		
06007 West Yellowstone Airport	\$0	\$418,753	\$0	\$418,753	9.0%		
Total All Funds	\$4,221,839	\$418,753	\$0	\$4,640,592	100.0%		
<b>Percent - Total All Sources</b>	<b>91.0%</b>	<b>9.0%</b>	<b>0.0%</b>				

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 FAA 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	81.05%
Statewide PL Adjustments	0	0	0	0.00%	3,698	5,559	9,257	0.22%
Other PL Adjustments	0	0	0	0.00%	312,058	312,127	624,185	14.78%
New Proposals	0	0	0	0.00%	166,667	0	166,667	3.95%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,193,288</b>	<b>\$2,028,551</b>	<b>\$4,221,839</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

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)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$12,110</b>	<b>(\$8,412)</b>	<b>\$3,698</b>		<b>\$0</b>	<b>\$13,971</b>	<b>(\$8,412)</b>	<b>\$5,559</b>
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(12,110)	8,412	(3,698)	0.00	0	(13,971)	8,412	(5,559)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	10,419	461	10,880	0.00	0	13,527	599	14,126
DP 52 - Adjustment for Statewide Operations	0.00	0	(6,877)	(305)	(7,182)	0.00	0	(8,203)	(364)	(8,567)
DP 53 - Base Funding Switch	0.00	0	8,568	(8,568)	0	0.00	0	8,647	(8,647)	0
DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN)	0.00	0	143,851	0	143,851	0.00	0	143,851	0	143,851
DP 4007 - Aeronautics State System Plan (BIEN)	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
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,058</b>	<b>\$135,000</b>	<b>\$312,058</b>	<b>0.00</b>	<b>\$0</b>	<b>\$177,127</b>	<b>\$135,000</b>	<b>\$312,127</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$189,168</b>	<b>\$126,588</b>	<b>\$315,756</b>	<b>0.00</b>	<b>\$0</b>	<b>\$191,098</b>	<b>\$126,588</b>	<b>\$317,686</b>

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN) - The legislature approved 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. Airport grants for safety and development as well as 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. The funding is designated as biennial.

DP 4007 - Aeronautics State System Plan (BIEN) - The legislature approved appropriation authority of state special and federal special revenue that will 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. The funding is designated as biennial.

DP 4008 - Reestablish Aeronautics Base - The legislature approved appropriation authority that would reestablish the base budget for fuel, travel, supplies, and equipment for the search and rescue program. Expenditures in this program

were below average (59.2%) due to the lack of extended air searches during the base budget period. This funding would also increase the Aeronautics Board per diem, travel, and meeting expenditures.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN)										
40	0.00	0	16,667	150,000	166,667	0.00	0	0	0	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$16,667</b>	<b>\$150,000</b>	<b>\$166,667</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN) - The legislature approved appropriation authority for improvements at the Lincoln airport runway. The improvements are to meet current FAA pavement requirements and rehabilitation of the runway surfaces at the airport. The funding was designated as one-time-only and the appropriation is biennial.

**Proprietary Rates**

**Proprietary 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. The program is staffed with 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.

<b>West Yellowstone Airport Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Increases in several rates provide an increase of 6% in revenues from the base year</li> <li>◆ The budget for the West Yellowstone Airport will be 4.7% lower than the 2013 biennium primarily due to reduced energy costs</li> <li>◆ Operating income will be approximately \$20,000 in each year of the biennium</li> </ul>

**Proprietary Revenues and Expenses**

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. Annual budgeted expenses at the Yellowstone Airport, for a three year period, average \$213,490/year. The Yellowstone Airport currently supports 2.00 FTE to maintain federal airport certification requirements.

*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. With slightly increased fees and reduced operating costs, operating income is projected to be \$19,879 in FY 2014 and \$19,718 in FY 2015.

**Proprietary Rate Explanation**

Most landing fees will not increase for the 2015 biennium. Car rental and airline rates 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. The full list of rates to be charged in the 2015 biennium are seen in the table below.

West Yellowstone Airport Rates 2015 Biennium	
2015 Biennium Fees	
Description	Fee
<u>Landing Fees</u>	
Scheduled Air Carrier	\$1.10/1000 lbs.
<u>Landing Fees</u>	
Other Uses	9,001-16,500 lbs. = \$25
<u>Landing Fees</u>	
Other Uses	>16,500 lbs. = \$1.60/1000 lbs.
Fuel Flowage Fee	\$0.08/gallon
<u>Building Leases</u>	
Car Rental, Airline	\$2.50/sq. ft.
<u>Building Leases</u>	
FBO, Hangar Ground	\$0.12/sq. ft.
Ad Boards	\$200 per board
Tax Transfer	\$11,000 est.
<u>Sales receipts</u>	
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)