

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION

A.R.S. § 28-170

State Aviation Fund	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	33.0	33.0	33.0 ^{1/}	33.0 ^{1/}
Personal Services	784,500	594,500	607,200	619,400
Employee Related Expenditures	186,300	137,100	141,000	147,300
Professional and Outside Services	700	58,600	58,600	58,600
Travel - In State	20,500	27,500	27,500	27,500
Travel - Out of State	16,000	10,100	10,100	10,100
Other Operating Expenditures	530,700	226,400	230,500	230,500
Equipment	73,000	9,600	9,600	9,600
Operating Subtotal	1,611,700	1,063,800	1,084,500	1,103,000
Reimbursement to Highway Fund	2,300	10,000	0	0
Grand Canyon Airport	0	617,700	626,200	636,200
Total Appropriations	1,614,000	1,691,500	1,710,700 ^{2/3/}	1,739,200 ^{2/3/}

Program Description — *The Aeronautics Division registers and licenses all general aviation aircraft in the state, administers the airports development grant and airports loan programs, and operates the Grand Canyon National Park Airport.*

Reimbursement to Highway Fund — The approved FY 2000 amount from the State Aviation Fund moves funding to reimburse certain State Highway Fund expenditures from a Special Line Item to the operating budget. This is continued in FY 2001.

Grand Canyon Airport — The approved FY 2000 amount includes 14 FTE Positions and \$626,200 from the State Aviation Fund to continue operating the airport. This amount is 14 FTE Positions and \$636,200 in FY 2001. Before the expenditure of any of these monies for the Grand Canyon Airport, the department must report to the Joint Legislative Budget Committee on the status and projected date of the privatization of the airport. One FTE Position currently associated with the airport and related monies are retained in the operating budget to act as a liaison with the proposed independent airport authority.

The Grand Canyon National Park Airport Commission was appointed by the Governor in June 1995 to make a recommendation regarding ownership and management options for the airport. The commission engaged Price Waterhouse LLP, which recommended either an independent airport authority or a long-term lease, and prepared strategic business plans for each option. In July 1996 the commission recommended that an independent airport authority (non-profit civic corporation structure) be created to operate and manage the airport. The department

issued its Request for Proposals on September 1, 1998, with a due date of October 30, 1998. There was one bid, which was rejected by the department’s review committee on December 22, 1998.

Subsequently, the Grand Canyon Airport Authority was established to own and operate the airport by Laws 1999, Chapter 213, effective from and after September 30, 1999. A Grand Canyon Airport Authority Board of Directors is established consisting of 7 members appointed by the Governor. The board of directors is required to submit annual reports by December 1: 1) on Grand Canyon Airport Authority activities to the Speaker of the House of Representatives, the President of the Senate and the Governor; and 2) a written certified audit to the department. The source of the Grand Canyon Airport Authority's operating budget is airport user fees and charges. The board of directors may issue airport authority revenue bonds.

In addition to monies appropriated to the department in the General Appropriation Act, monies are appropriated by Laws 1999, Chapter 213 from the State Aviation Fund to the Grand Canyon Airport Authority in FY 2000 and in FY 2001, as start-up monies to operate and maintain the airport. The amounts of \$650,000 for operating expenditures, and \$350,000 for capital improvement projects are appropriated in FY 2000. For FY 2001, these amounts are \$350,000 for operating expenditures, and

^{1/} Includes 14 FTE Positions funded from Special Line Items in FY 2000 and FY 2001.

^{2/} Of the total appropriation for the Aeronautics Division, \$626,200 in FY 2000 and \$636,200 in FY 2001, is for operating the Grand Canyon Airport. Before expending any of the \$626,200 of the FY 2000 appropriation, or any of the \$636,200 of the FY 2001 appropriation for the Grand Canyon Airport, the department shall report to the Joint Legislative Budget Committee on the status and projected date of the privatization of the airport. (General Appropriation Act footnote, as adjusted for state employee pay increase.)

^{3/} General Appropriation Act funds are appropriated as a Lump Sum for the Program.

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION (Cont'd)

\$150,000 for capital improvement projects. Any monies remaining unexpended and unencumbered on July 1, 2000, and on July 1, 2001, respectively, revert to the State Aviation Fund. As a result, the department will not need some of the monies appropriated in the General Appropriation Act for the Grand Canyon Airport Special Line Item in FY 2000 and FY 2001. *(Please see the Grand Canyon Airport Authority, which is shown under Other Entities.)*