

**BUDGET REPORT AND MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Action:**

**Action Date:**

**Vote:**

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Julie Neburka, Legislative Fiscal Office

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Agency: Department of Aviation

Biennium: 2015-17

## **Budget Summary\***

	2013-15 Legislatively Approved Budget <sup>(1)</sup>	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 6,257,654	\$ 6,114,823	\$ 6,178,432	\$ (79,222)	-1.3%
Federal Funds Limited	\$ 4,378,379	\$ 3,416,147	\$ 3,484,014	\$ (894,365)	-20.4%
Total	\$ 10,636,033	\$ 9,530,970	\$ 9,662,446	\$ (973,587)	-9.2%

## **Position Summary**

Authorized Positions	13	13	13	0
Full-time Equivalent (FTE) positions	12.50	12.25	12.25	-0.25

## **Revenue Summary**

The Department of Aviation is supported by an aviation fuel tax, pilot, aircraft and public airport registration fees, hanger fees, fuel flowage fees and other miscellaneous revenues. In addition, the agency receives Federal Funds from the Federal Aviation Administration (FAA) to provide grants for capital construction and planning.

The recession has had an impact on fuel tax revenues. With revenue continuing to decline, the Department proposed and the Subcommittee approved a policy package that raises fees on pilot, aircraft, and public airport registration. The fee increase, in Senate Bill 269, is expected to generate \$219,285 Other Funds for the 2015-17 biennium. This increase in aircraft and public airport revenues helps to provide the federally required match for General Aviation Entitlement projects and any capital construction projects (to be approved by the Joint Subcommittee on Capital Construction), as well as shore up the ending balance in 2015-17 for operations. Part of the pilot registration fee increase will be transferred to the Oregon Military Department's Office of Emergency Management to partially fund a position (\$51,751 Other Funds).

## **Summary of Transportation and Economic Development Subcommittee Action**

The Department of Aviation manages and maintains 28 state-owned airports. Additionally, the Department completes mandatory compliance inspections of the state's 97 public use airports on a tri-annual basis. It advocates for and plans for the safe operation, growth, and improvement of aviation in Oregon. In addition, the agency registers all pilots and nonmilitary aircraft based in Oregon. The Subcommittee approved a budget of \$9,662,446 total funds and 12.25 full-time equivalent positions. This is a 9.2 percent decrease from the 2013-15 Legislatively Approved Budget.

### Operations – 001

The Operations division oversees the administration, operation and maintenance of 28 state-owned public use airports through Statewide Services, Airport Services and Airport Maintenance and Planning. It includes most of the department staff. Operations also provides planning, land use, evaluation of tall structures, inspections of airports and site survey of proposed new airports. The Subcommittee approved a budget of \$4,239,709 total funds (\$3,700,467 Other Funds and \$539,242 Federal Funds) and 10.95 full-time equivalent positions for the program. The Subcommittee's recommendations provide for just over a six month ending balance for operational purposes.

The Subcommittee approved the following recommendations:

- Package 100, Aviation Registration Fee Increases, a revenue only package that increases pilot, aircraft, and public airport registration fees for the agency by \$219,285 Other Funds. The portion of the fee increase dedicated to Operations is \$96,839 Other Funds, which will cover salary increases in 2015-17 and provide an adequate ending fund balance.
- Package 801, LFO Analyst Adjustments, increases Other Funds expenditure limitation by \$4,476 as a technical adjustment to change the accounting code the Department uses to pay the Oregon Department of Transportation (ODOT) for its business services. These services include Human Resources, Procurement, Finance, Payroll, Internal Auditing, and Information Technology. The accounting code correction enables an audit function in the budget system to ensure that the dollar amount matches in both the sending and receiving agency.

### Search and Rescue – 002

The Department of Aviation collects annual pilot registration fees in Oregon. The revenue from pilot registration fees pays the costs associated with the collection of this revenue, provides fuel reimbursement for Search and Rescue Operations in Oregon counties, and provides partial funding for a position at the Military Department's Office of Emergency Management. The Subcommittee approved a budget of \$40,135 Other Funds and a 0.30 full-time equivalent position for the program.

The Subcommittee approved the following recommendations:

- Package 100, Aviation Registration Fee Increases, a revenue only package that increases pilot, aircraft, and public airport registration fees for the agency by \$219,285 Other Funds. The pilot registration fee increase is dedicated entirely to recover the costs associated with search and rescue activities, and to fund (through a \$51,751 Other Funds revenue transfer) a partial position at the Oregon Military Department's Office of Emergency Management. The increase in pilot registration fees will provide \$62,830 Other Funds to the Search and Rescue division. The fee increase will allow the program to maintain current service levels and provide for an adequate ending balance.

### General Aviation Entitlement Program – 003

The General Aviation Entitlement Program administers FAA funded projects (projects that do not meet the Capital Budgeting threshold) to address safety, operations, and development at airports in Oregon. FAA grants are generally funded at 90 percent of project costs with remaining 10 percent

paid by the airport sponsor (owner). The agency owns 28 airports, 12 of which are part of the National Plan of Federal Integrated Airport Systems. The Subcommittee approved a budget of \$3,271,969 total funds (\$327,197 Other Funds and \$2,944,772 Federal Funds).

The Subcommittee approved the following recommendations:

- Package 101, General Aviation Entitlement, increases total funds expenditure limitation by \$1,887,000 (\$188,700 Other Funds and \$1,698,300 Federal Funds) for projects at seven state-owned airports. These projects have been identified through the five-year capital improvement plan that is reviewed and approved annually by the Oregon Aviation Board. The package includes the FAA grant funds and the required Other Funds (aircraft registration fees) for the 10 percent required match.

Projects are selected based on a number of different factors, including pavement conditions, safety compliance, design standards, and short and long-term planning goals. The projects planned for this funding are:

- Lebanon Airport: Master Planning
  - Mulino Airport: Obstruction Removal
  - Aurora Airport: Phase 1 and 2 Obstruction Removal, environmental survey
  - Bandon Airport: Land Acquisition
  - Chiloquin Airport: Fencing Design and Construction, Taxiway and Apron Rehab
  - Cottage Grove Airport: Master Planning
  - Independence Airport: Environmental Surveying for Fencing
- Package 801, LFO Analyst Adjustments, reduces Other Funds expenditure limitation by \$129,567 and Federal Funds expenditure limitation by \$1,630,433 to reflect expenditures associated with projects that were completed in 2013-15. The agency does not need the expenditure limitation in 2015-17.

#### Pavement Maintenance – 004

Pavement Maintenance is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means for helping to preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. The program evaluates airport pavement at one third of the state airports each year. The year following the evaluation, airports that agree to have work done are scheduled for pavement maintenance work with contractors hired by the agency. The Pavement Maintenance program provides funding for an average of fourteen airports per year. There are 66 paved public use airports in the state. The Subcommittee approved a budget of \$2,046,479 Other Funds and a 0.50 full-time equivalent position for the program.

#### Aircraft Registration – 005

The Aircraft Registration program registers over 4,400 aircraft in Oregon per year. The Aircraft Registration program manages and administers the AERO II software system that houses aircraft and pilot registration information. Registering aircraft in Oregon provides the ten percent match required for FAA grants and serves as a source for the department's operational functions. The FAA sponsor match requirement is 10 percent of

the total project costs for design and construction. The Subcommittee approved a budget of \$64,154 Other Funds and a 0.50 full-time equivalent position for the program.

The Subcommittee approved the following recommendations:

- Package 100, Aviation Registration Fee Increases, which is a revenue only package that increases pilot, aircraft, and public airport registration fees for the agency in the amount of \$219,285 Other Funds. The portion of the fee increase dedicated to Aircraft Registration is \$59,616 Other Funds. The fee increase will allow the program to maintain current service levels and provide the ten percent match required for federally-funded airport projects.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**HB 5004-A**

Oregon Department of Aviation  
 Tamara Brickman -- (503) 378-4709

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ -	\$ -	\$ 6,257,654	\$ -	\$ 4,378,379	\$ -	10,636,033	13	12.50
2015-17 Current Service Level (CSL)*	\$ -	\$ -	\$ 6,114,823	\$ -	\$ 3,416,147	\$ -	9,530,970	13	12.25
<b><u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u></b>									
<b>001 - Operations</b>									
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (386,943)	\$ -	\$ -	\$ -	(386,943)		
Special Payments to ODOT	\$ -	\$ -	\$ 391,419	\$ -	\$ -	\$ -	391,419		
<b>003 - General Aviation Entitlement Program</b>									
Package 101: General Aviation Entitlement									
Services and Supplies	\$ -	\$ -	\$ 96,612	\$ -	\$ 869,508	\$ -	966,120		
Capital Outlay	\$ -	\$ -	\$ 92,088	\$ -	\$ 828,792	\$ -	920,880		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (129,567)	\$ -	\$ (1,630,433)	\$ -	(1,760,000)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,609</b>	<b>\$ -</b>	<b>\$ 67,867</b>	<b>\$ -</b>	<b>131,476</b>	<b>0</b>	<b>0.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,178,432</b>	<b>\$ -</b>	<b>\$ 3,484,014</b>	<b>\$ -</b>	<b>9,662,446</b>	<b>13</b>	<b>12.25</b>
% Change from 2013-15 Leg Approved Budget	0.0%	0.0%	-1.3%	0.0%	-20.4%	0.0%	-9.2%		
% Change from 2015-17 Current Service Level	0.0%	0.0%	1.0%	0.0%	2.0%	0.0%	1.4%		

\*Excludes Capital Construction Expenditures

## Legislatively Approved 2015-2017 Key Performance Measures

**Agency: AVIATION, OREGON DEPARTMENT of**

Mission: To preserve and enhance Aviation in supporting Oregon's communities

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
1 - Percent of runways in good or better condition.		Approved KPM	82.00	100.00	100.00
2 - Percent of runways meeting or exceeding approach surface standards.		Approved KPM	63.00	94.00	94.00
3 - Number of State Airports with current Inspections.		Approved KPM	133.00	142.00	142.00
4 - Percentage of total Federal Funds obligated or spent.		Approved KPM	100.00	100.00	100.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	76.00	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	76.00	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	79.00	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	79.00	91.00	91.00
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	75.00	91.00	91.00

**Agency: AVIATION, OREGON DEPARTMENT of**

Mission: To preserve and enhance Aviation in supporting Oregon's communities

<b>Legislatively Proposed KPMs</b>	<b>Customer Service Category</b>	<b>Agency Request</b>	<b>Most Current Result</b>	<b>Target 2016</b>	<b>Target 2017</b>
5 - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	73.00	91.00	91.00
6 - Percent of aircraft registered		Approved KPM	87.00	90.00	90.00
7 - Percent of pilots registered		Approved KPM	77.00	90.00	90.00
8 - Percent of total best practices met by the board.		Approved KPM	97.00	100.00	100.00

**LFO Recommendation:**

LFO recommends approval of the agency's 2015-17 key performance measures and targets as proposed.

**Sub-Committee Action:**

The Subcommittee approved the key performance measures as recommended by LFO.