

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 26-27, 2006

Reference No.: 4.7
Action Item

From: CINDY McKIM
Chief Financial Officer

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Ref: **ADOPTION OF THE 2006 AERONAUTICS PROGRAM**

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) adopt the 2006 Aeronautics Program described below.

SUMMARY:

The biennial Capital Improvement Plan (CIP) is one element of the California Aviation System Plan (CASP). The 2006 Aeronautics Program covers Fiscal Years (FY) 2006-2008 in the current CIP. The 2006 Aeronautics Program is proposed at \$2.7 million and is limited to safety projects and 2004 Aeronautics Program projects currently on the pending allocation list.

Projects proposed in the 2006 Aeronautics Program are Acquisition and Development (A&D) grants and are state funded at 90 percent of the total project cost. The 2006 Aeronautics program is composed of proposed projects to be funded after Annual Credit and Airport Improvement Program (AIP) matching grants as required by statute.

The 2006 Aeronautics Account Fund Estimate, adopted by the Commission on March 16, 2006, is the basis for the 2006 Aeronautics Program, which will include matching funds for Federal AIP grants (\$3.3M in FY 2006-07, \$3.3M in FY 2007-08, and \$3.3M in FY 2008-09). Five safety projects and two airport land use compatibility plans (ALUCP) totaling \$170,000 have been identified. These projects were selected from the CIP, which the Commission approved at its September 29, 2005 meeting. The 2006 Aeronautics Program totals \$2.7 million over the next three years.

BACKGROUND:

The Aeronautics Program is a biennial, three-year program for the acquisition and development of airports. The Aeronautics Program is funded by the Aeronautics Account in the State Transportation Fund and is prepared in accordance with Public Utilities Code Sections 21683 and 21706. The Technical Advisory Committee on Aeronautics (TACA) reviewed the proposed 2006 Aeronautics Program at its February 9, 2006 meeting and recommended approval to the Commission.

At the October 2002 Commission meeting, the Commission took action to approve the California Aid to Airports Program (CAAP) funds for only safety projects and those projects for matching Federal Airport Improvement Program (AIP) grants. The 2002-03 and 2003-04 Budget Acts transferred a total of \$10.8 million from the Aeronautics Account to the General Fund. These fund transfers reduced CAAP funds and prevented the Department of Transportation from recommending allocations for nonsafety projects. Over the past year, 18 nonsafety projects totaling \$3.0 million were on the Aeronautics Account Pending Allocations list. Four projects received federal funding and were withdrawn by the sponsor. The 2006 Aeronautics Program includes 14 projects totaling \$2.53 million on the current Aeronautics Account Pending Allocations list.

Based on the (CASP) 2003 System Requirements Element, additional funding is needed for state Aeronautics enhancement projects. The CTC 2005 Annual Report states “the Commission has long supported increasing state funding to develop an integrated system of airports that adequately meets the demands of California’s economy.” TACA supports legislative proposals that would include the following: (1) increase funding to assist smaller airports in securing state and federal aviation grants to ensure California receives the maximum amount of federal funds and uses state funds effectively; (2) consider the transfer of \$10.8 million from the Aeronautics Account to the General Fund in FY 2002-03 and FY 2003-04 to become a loan to be repaid by a specific fiscal year(s); (3) dedicate the Aeronautics Account revenues derived from general aviation to general aviation purposes; and (4) amend current statute to allow local agencies to request Commission approval for an agency to use its own funds to advance the required match for Federal AIP grants, with the promise for later repayment.

Attachments

2006 Aeronautics Program CASH FORECAST

(based upon the 2006 Fund Estimate)

(\$ in thousands)

	2005/06	2006/07	2007/08	2008/09	3-Year	Total
RESOURCES						
Beginning Balance	1,562	1,659	1,374	1,043		4,076
Aviation Gas Excise Tax	4,713	4,356	4,284	3,987		12,627
Jet Fuel Excise Tax	2,946	3,070	3,194	3,318		9,582
Interest (SMIF)	225	221	221	221		663
Federal Trust Funds	459	459	473	488		1,420
Sale of Documents	5	5	5	5		16
Transfer To PTA Account	(30)	(30)	(30)	(30)		(90)
Total Resources	9,880	9,741	9,521	9,032		28,294
STATE OPERATIONS						
State Operations	(3,531)	(3,577)	(3,688)	(3,802)		(11,067)
Total State Operations	(3,531)	(3,577)	(3,688)	(3,802)		(11,067)
LOCAL ASSISTANCE						
Grants to Local Agencies (Annual Credit Program)	(1,490)	(1,490)	(1,490)	(1,490)		(4,470)
Airport Improvement Program (AIP) Match	(3,200)	(3,300)	(3,300)	(3,300)		(9,900)
Total Local Assistance	(4,690)	(4,790)	(4,790)	(4,790)		(14,370)
Ending Balance*	1,659	1,374	1,043	440		2,857

Note: Numbers may not add due to rounding.

** 2008/09 ending balance available for funding Acquisition & Development grants.*

Aeronautics Account
2006 Fund Estimate
(\$ 000)

	2005/06	2006/07	2007/08	2008/09	3-Year	Total
RESOURCES						
Beginning Balance	1,562.00	1,659.27				1,659.27
Aviation Gas Excise Tax	4,713.08	4,356.20	4,283.85	3,986.90		12,626.95
Jet Fuel Excise Tax	2,945.87	3,069.90	3,193.93	3,317.96		9,581.79
Interest (SMIF)	225.00	221.00	221.00	221.00		663.00
Federal Trust Funds	459.00	459.00	473.23	487.90		1,420.13
Sale of Documents	5.33	5.33	5.27	5.09		15.69
Transfer To PTA Account	-30.00	-30.00	-30.00	-30.00		-90.00
Total Resources	9,880.27	9,740.71	8,147.28	7,988.85		25,876.84
STATE OPERATIONS						
State Operations	-3,531.00	-3,577.00	-3,687.89	-3,802.21		-11,067.10
Total State Operations	-3,531.00	-3,577.00	-3,687.89	-3,802.21		-11,067.10
LOCAL ASSISTANCE						
Grants to Local Agencies (Annual Credit Program)	-1,490.00	-1,490.00	-1,490.00	-1,490.00		-4,470.00
Airport Improvement Program (AIP) Match	-3,200.00	-3,300.00	*	*		-3,300.00
Total Local Assistance	-4,690.00	-4,790.00	-1,490.00	-1,490.00		-7,770.00
Ending 2005-06 Balance						
	1,659.27					
Cash Available During FE Period						
		1,373.71	2,969.39	2,696.64		7,039.74

Note: Numbers may not add due to rounding.

* AIP Match requirements for 2007-08 and 2008-09 will be determined when federal budget funding has been approved. Past action by the Commission has dictated that AIP Match be given priority for available funds.