



# Arizona Department of Transportation

## Office of the Director

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janice K. Brewer  
Governor

John S. Halikowski  
Director

April 5, 2010

John A. Bogert  
Chief of Operations

John McGee  
Executive Director  
for Planning & Policy

Dear Aviation Community:

In previous meetings with you and other aviation stakeholders, I have committed to keeping you informed on important matters affecting Arizona aviation and aviation funding. In light of that commitment, I need to inform you of certain revenue impacts to the State Aviation Fund (SAF) resulting from budget actions approved as a result of the Forty-ninth Legislature, Fifth Special Session.

As you are probably aware, Senate Bill (SB) 1001 reduced the FY 2010 SAF appropriation by \$141,800, and requires that this reduction be transferred to the State General Fund (GF). In addition, SB 1001 requires the Department to transfer an "excess balance" of \$2,163,100 from the SAF to the GF. These two transfers are to be made by June 30, 2010. In addition, HB 2643 transferred an additional \$1,116,000 of SAF to the GF.

Along with these provisions, SB 1001 also required the transfer of over \$2 million from the ADOT's Equipment Fund (EQF). This provision, coupled with a prior EQF sweep of \$4.5 million from HB 2643 means ADOT will also have to transfer approximately \$6.5 million in EQF funds to the GF by June 30, 2010. ADOT's year-end projected balance in the EQF is approximately \$100,000, not nearly sufficient to meet the \$6.5 million transfer required by June 30, 2010. In such cases, the legislature has stipulated that a budget unit (ADOT) "...may request a cash transfer between its own funds..." in order to comply with the provisions of the bill.

ADOT has reviewed its existing fund balances, along with the constitutional limitations and statutory requirements of the agency's various funds, and has concluded that in order to meet the requirements of the EQF transfers, approximately \$6.5 million will have to be transferred from the SAF to the EQF.

I, like you, understand the importance of aviation funds to the aviation community and the economy of Arizona. However, ADOT must operate within the law and is compelled to take this action in this manner. Given the size of the deficit the State must balance in FY 2010 and FY 2011, it is very likely that additional budget challenges are in the near future. I look forward to your thoughts as the agency continues to strive to deliver essential services during these tough economic times.

If you have questions, please contact Michael Klein at 602-712-7647 or maklein@azdot.gov.

Sincerely,

A handwritten signature in blue ink, reading "John S. Halikowski", is written over a faint, larger version of the same signature.

John S. Halikowski