

Approved:

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Office: Aviation
Topic No. 725-040-055-d



Department of Transportation

LOANS TO AIRPORTS

PURPOSE:

To provide policy guidance and a process for the administration of loans to airports and collection of the related receivables.

AUTHORITY:

Sections 20.23(3)(a) and 334.048(3), Florida Statutes (F.S.)

SCOPE:

This procedure applies to all FDOT Central and District Office Aviation personnel.

Background:

This procedure addresses responsibilities for loan agreements with airport sponsors. **Section 332.007 (6)(a), F.S.**, provides that the Department may loan funds to buy land for a new airport or expand an existing airport. The Department is also authorized to loan funds when specific project related criteria have been met. In addition, the Legislature may direct the Department through a special appropriation or act to loan airport funds.

REFERENCES:

- Section 332.007, F.S.
- Public Transportation Joint Participation Agreement, Procedure No. 725-000-005
- Aviation Program Management, Procedure No. 725-040-040
- Records Management, Procedure No. 050-020-025
- Securing, Transmitting, Depositing, Recording, and Refunding Receipts, Procedure No. 350-080-300

1. AIRPORT LOAN INITIATION

1.1 For all projects where state funds are loaned for an airport, such projects shall be planned and managed in compliance with **Procedure No. 725-040-040, Aviation Program Management**.

1.2 In addition, Department procedures relating to joint participation agreements (JPA), in particular **Procedure No. 725-000-005, Public Transportation Joint Participation Agreement**, must be used for all projects involving a loan for an airport. This procedure also incorporates the following four exhibits (**Form No. 725-030-06E, EXHIBITS – Public Transportation Joint Participation Agreement**) that must be included in the JPA when funds are loaned:

- (A) Project Description and Responsibilities
- (B) Project Budget
- (C) Aviation Program Assurances
- (D) Federal and State Resources - Single Audit Act

Unlike traditional loans where funds are provided at the time of approval, aviation loan funds are managed in the same manner as aviation grant funds, including the disbursal of funds on a cost reimbursement basis.

2. PROJECT RECORDS

2.1 District aviation staff is responsible for maintaining project agreements, files, and financial records for all airport loans in their respective districts.

2.2 Project records shall be maintained in accordance with **Procedure No. 050-020-025, Records Management**. Project files must be retained for as long as the grant assurances apply because events may occur several years after entry of the JPA that require the Department to enforce the assurances in a JPA. Records for real property must be maintained until the agency that purchases the real property disposes of it.

3. SCHEDULE OF OUTSTANDING LOANS

3.1 District aviation staff shall maintain a **Loan Reimbursement Schedule** (see **Attachment 1**), for all outstanding loans.

3.2 The schedule should be updated as needed to reflect the current financial status of each loan.

3.3 No later than 15 days after the end of the state fiscal year, district aviation staff shall provide the State Aviation Manager, or the manager's designee, a copy of the district's schedule.

3.4 Concurrent with providing the schedule, district aviation staff shall provide the Office of Comptroller (OOC), General Accounting Office, Accounts Receivable Section, a copy of any JPA or Supplemental JPA for each project added or modified as indicated in the schedule.

3.5 The State Aviation Manager, or the manager's designee, will forward a copy of each district's schedule to the OOC, General Accounting Office, Accounts Receivable Section (MS 42), within 15 days of receiving all loan reimbursement schedules from the districts. This information and the agreement information provided pursuant to **Section 3.4** will be used to support the accounts receivable amount in the State's financial statements.

4. LOAN REPAYMENTS

4.1 Loan repayments are due and payable as provided in the JPA.

4.2 District aviation staff shall monitor the loan repayment schedule in order to monitor when loan amounts are due.

4.3 Two years prior to a loan maturing, and again at least 60 days prior to such loan maturing, district aviation staff shall notify airport sponsors in writing of the amount and date full payment is due.

4.4 District aviation staff is not required to send a notification letter to an airport sponsor when the JPA is with a general aviation airport and the JPA contains a contingency provision providing for the automatic application of project grant shares if Federal Aviation Administration (FAA) funds are not received.

4.5 Upon receipt of the loan payment, made payable to the Department, district aviation staff shall forward the payment to the State Aviation Manager and maintain a copy of the payment instrument in the project file. The State Aviation Manager shall submit the loan payment to the OOC in accordance with **Procedure No. 350-080-300, Securing, Transmitting, Depositing, Recording, and Refunding Receipts**.

4.6 If full repayment is not received, district aviation staff shall take follow-up action to obtain the amount due.

5. COLLECTION AND ENFORCEMENT

5.1 COLLECTION

5.1.1 When a scheduled repayment is not received timely by the Department, a letter will be prepared by the district aviation staff and sent to the airport sponsor requesting payment within 30 days. The letter should be sent through certified mail or a courier to track and document delivery (time and to whom delivered). The documentation will be maintained in the JPA file. At the same time the letter is sent to the airport sponsor, district aviation staff shall also send a copy of the letter to the OOC, General Accounting Office, Accounts Receivable Section.

5.1.2 If the required payment is not received from the sponsor by the end of the 30-day period, the District Secretary, or the District Secretary's designee, will call the chairperson of the local governmental entity to request resolution of the matter. The call and any agreement will be documented in a letter to the chairperson with a copy to the JPA file and the OOC, General Accounting Office, Accounts Receivable Section. Repeated attempts shall be made to contact representatives of the airport sponsor to obtain compliance, all of which will be documented. No verbal or written agreements will be made with the sponsor in an attempt to collect funds without prior consultation with the District Chief Counsel. If an extension is contemplated, district staff should be aware that some loans have repayment timeframes established by state law that may not be exceeded.

5.1.3 When an acceptable resolution cannot be obtained, the matter will be processed for enforcement.

5.2 ENFORCEMENT

Enforcement refers to last recourse actions (legal pursuit of activities) to require local governmental entities to comply with refund and repayment provisions of the law, administrative rule, and the JPA.

5.2.1 The district aviation staff shall prepare an analysis of the case for the District Secretary to include the following:

- (A) Pertinent file documentation available
- (B) Review of actions taken to collect debt
- (C) Review of further action/alternative actions proposed

5.2.2 Upon receipt of the analysis the District Secretary will confer with the District Chief Counsel to determine what further collection efforts would be appropriate, to include the possibility of litigation.

5.3 ACCOUNTS RECEIVABLE WRITE-OFF

When the District Chief Counsel and the District Secretary determine that a debt owed to the Department cannot be collected and should not be carried as an accounts receivable, a memorandum shall be sent to the OOC, General Accounting Office, with a recommendation to have the Department of Financial Services approve write-off of the accounts receivable from the Department's records.

5.3.1 The memorandum must clearly state why a debt cannot be collected and describe what efforts have been made to collect a debt.

5.3.2 The OOC, General Accounting Office, shall review the case and if in agreement, follow its own procedures in requesting and obtaining write-off from the Department of Financial Services. If in disagreement with the conclusions presented, a meeting will be conducted with the district aviation staff and district attorney to further discuss the case and needed actions.

5.3.3 The OOC, General Accounting Office, will notify the district aviation staff when a final decision is made by the Department of Financial Services. If the Department of Financial Services sends the case through a collections process, a final decision on writing off a debt may take a year or more.

5.3.4 If the write-off is approved, district aviation staff shall update the *Loan Reimbursement Schedule (Attachment 1)* to reflect the write-off.

6. SPECIAL PROVISIONS FOR LOANS TO PURCHASE LAND

The following special provisions apply when a loan is extended to purchase land pursuant to **Section 332.007 (6)(a), F.S.**, and are in addition to the other provisions of this procedure.

6.1 When notified that FAA grant funds have been received, district aviation staff shall send a notification letter to the airport sponsor within 30 days specifying the amount and date when payment is due. District aviation staff shall also send a copy of the letter to the OOC, General Accounting Office, Accounts Receivable Section.

6.2 When necessary, district aviation staff may amend a JPA with a general aviation airport to include the provision in **Exhibit C** of the JPA that provides for the automatic application of project grant shares if FAA funds are not received. Normal statutory

project funding shares are stated in ***Procedure No. 725-040-040, Aviation Program Management.***

7. ATTACHMENTS

Title	Number
Loan Reimbursement Schedule	(Attachment 1)

8. TRAINING

This procedure does not require any training.

9. FORMS

No forms are required for this procedure.

Attachment 1

Loan Reimbursement Schedule For District X Schedule of Long-Term Receivables for Aviation Loans Prepared by Jane Employee Report as of June 30, 2002										
Loan Recipient	Financial Project	Airport Type	Loan Type	JPA Amount Dept. Part	Voucher Date	Amount FDOT Expects to be Paid	Fiscal Year of Payback by Sponsor	Amount Repaid to Date	Receivable Balance	Comments
City of Example	111111-1-11-11	Commercial	Land Acq.	\$10,000,000	1/6/91	\$1,500,000	2000-2001	\$1,500,000		
					9/3/94	\$3,000,000	2004-2005		\$3,000,000	
					10/14/97	\$500,000	2007-2008		\$500,000	
Executive Airport	222222-2-22-22	Commercial	Land Acq.	\$5,000,000						Not started
Totals				\$15,000,000		\$5,000,000		\$1,500,000	\$3,500,000	