

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: March 31, 1998 Revised: \_\_\_\_\_

Subject: Air Carriers

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Givens</u>	<u>Austin</u>	<u>CM</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

The committee substitute directs the Department of Management Services (department) to evaluate the state contract for air carrier service for state employees to determine how to improve the quality, availability, and cost of air service to state employees and other citizens. The department is directed to undertake a pilot program based on its analysis, and then evaluate the pilot program. The Office of Program Policy Analysis and Government Accountability shall review the effects and fiscal impact of the pilot program. Lastly, Enterprise Florida, Inc., is required to review the impact of regional airports on economic development in the State.

**II. Present Situation:**

The Department of Management Services (department) seeks competition from air carriers serving Tallahassee to establish the contract award for Prop Jet and Jet aircraft service for state employees. The department awards an annual contract for airfares between certain city pairs including Tallahassee.

Section 332.007, F.S., provides for the administration of aviation and airport programs and projects. Federal funding of individual local airport projects is to be entirely engaged between the local airport sponsors and the appropriate federal agencies. However, the Florida Department of Transportation (DOT) is authorized to receive federal grants for statewide projects when no local sponsor is available. The DOT shall prepare and continuously update an aviation and airport work program in accordance with current law based on a collection of the local sponsor's proposed projects. Among other things, the work program shall identify development projects and discretionary capacity improvement projects. The assistance provided in this section is only provided for those projects which are included in the DOT's adopted work program developed pursuant to s. 339.135, F.S., relating to the 5-year listing of all transportation projects planned for

each fiscal year which is prepared by each of the districts. The annual legislative budget request for aviation and airport development projects shall be based on the funding required for development projects in the aviation and airport work program. Only those projects or programs provided for in this act that will, among other things, contribute to the implementation of the state aviation system plan, are eligible for the expenditure of state funds in accordance with fund participation rates and priorities established in this section. Subject to the availability of appropriated funds, the department may participate in the capital cost of eligible public airport and aviation development projects in accordance with established rates provided for in this section. The DOT shall provide priority funding in support of the following:

- Land acquisition which provides additional capacity at the qualifying international airport or at that airport's supplemental air carrier airport;
- Runway and taxiway projects that add capacity or are necessary to accommodate technological changes in the aviation industry;
- Airport access transportation projects that improve direct airport access and are approved by the airport sponsor; and
- International terminal projects that increase international gate capacity.

Section 112.061(7)(a)2., F.S., requires an agency head to designate the most economical means of travel for each trip including such factors as the time of the traveler, cost of transportation, and per diem or subsistence required. If it is more efficient and economical for either the traveler or the agency head, jet service offered by any airline, whether on state contract or not, may be used when the cost is within an approved threshold determined by the agency head.

Subsection (2) of s. 287.042, F.S., authorizes the department to plan and coordinate purchases in volume and to negotiate and execute purchasing agreements.

### **III. Effect of Proposed Changes:**

The committee substitute directs the Department of Management Services (department) to evaluate the state contract for air carrier service for state employees to determine how to improve quality, availability, and cost of air service, and to undertake a 3-year pilot program based on its analysis, and then evaluate the pilot program. The pilot project must include, but not be limited to, the suspension of any contract and the provision of any incentives necessary to attract qualified air carriers flying within Florida to and from the state capital. In implementing any program, the department, in consultation with the Department of Banking and Insurance, shall adopt guidelines for "good purchasing practices" in acquiring air carrier services to and from the state capital. Such guidelines shall be in place of the requirements of s. 112.061(7)(a)2., F.S., and notwithstanding s. 287.042(2), F.S., or any law or rule to the contrary. The Office of Program Policy Analysis and Government Accountability shall annually review and report to the legislature the effects and fiscal impact of the pilot program. The report shall include, but not be limited to, information on and analysis of additional costs incurred and savings realized by state agencies, including per diem, subsistence, productivity and time of the travelers, and cost of airfare.

Enterprise Florida, Inc., is directed to complete a review on the impact of regional airports on economic development in the State of Florida. The review shall contain, but not be limited to, findings on the impact of regional airports on the following: regional and local economies; regional and local economic development efforts; and new and expanding manufacturing facilities.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The aviation industry may experience increased competition in providing services to and from the Tallahassee Regional Airport. As a result, airfares may decrease for those air travelers coming and going from the state capitol.

C. Government Sector Impact:

The Department of Management Services would be required to analyze and evaluate the state contract for air carrier service for state employees and undertake a pilot program based on the analysis. The department would then evaluate the impact of the pilot program and be prepared to report annually to the Legislature.

Enterprise Florida, Inc., would also be required to complete a review on the impact of regional airports on economic development in the State of Florida.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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