



**DATE:** April 17, 2015  
**TO:** Colorado Aeronautical Board  
**FROM:** Shailen Bhatt, Executive Director, Colorado Department of Transportation  
**SUBJECT:** Revisions to the Memorandum of Understanding

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**Purpose**

This memorandum summarizes the revisions that have been made to the Memorandum of Understanding (MOU) regarding interaction between CDOT and the Division of Aeronautics.

**Action**

This memorandum asks the CAB for approval of the revised MOU, including signature of the attached resolution.

**Background & Details**

In approving a loan request to support the Discretionary Aviation Grant Program, the State Controller has requested tighter controls to ensure there is proper review of the Discretionary Aviation Grant Program by CDOT. The MOU defines expectations of how CDOT's Executive Director, Division of Accounting and Finance (DAF), and Division of Communications can work together with the Division of Aeronautics to better achieve the goals of Aeronautics.

The MOU does not preempt Colorado statute and the role that Aeronautics or the Colorado Aeronautical Board (CAB) has as a Type I organization; but instead creates clearer expectations about how CDOT and Aeronautics can collaborate and work together to best position Aeronautics in its critical role as part of an integrated Colorado multi-modal transportation system. In fact, statute provides Aeronautics with the ability to enter into contracts with any public or private entity to provide the division with any work, services, or equipment needed for aviation purposes; carry out the express duties of the division; or to otherwise implement the intent of statute.

**Edits to MOU**

Key MOU edits are reflected in yellow, but in summary they address several comments made by staff and the CAB on the original draft:

- 1) Clarifies the role of the CAB as a signator of the document, as well as their role in conducting a performance review of the Director of Aeronautics.
- 2) Defines the roles and expectations in regards to matrixing Aeronautics staff to report to the CDOT's Division of Accounting and Finance (DAF) and Office of Communications:
  - a. Strengthen the collaboration in cash management, budgeting, and forecasting by transferring the FTE position and budget of the Aeronautics Business Office staff into DAF. The staff role and responsibility will be consistent with CDOT's matrix management model where the staff member will organizationally report to DAF for strategic and operational oversight, with day-to-day direction and management from the Division of Aeronautics Director, and policy direction from the CAB. DAF's Chief Financial Officer and Aeronautics Director will collaborate on performance reviews and any personnel actions, with DAF serving as the official Appointing Authority. Affected employees will continue to be compensated from Division of Aeronautics cost centers unless working on non-Aviation activities, which will instead be compensated from a separate CDOT cost center. As appropriate, the



staff member will co-locate between DAF and Aeronautics. Terms of the matrix arrangement will be revisited at the end of the loan.

- b. Strengthen the collaboration in communications by transferring the FTE position and budget of the Aeronautics Communications staff into DAF. The staff role and responsibility will be consistent with CDOT's matrix management model where the staff member will organizationally report to Communications for strategic and operational oversight, with day-to-day direction and management from the Division of Aeronautics Director, and policy direction from the CAB. The Communications and Aeronautics Directors will collaborate on performance reviews and any personnel actions, with Communications serving as the official Appointing Authority. Affected employees will continue to be compensated from Division of Aeronautics cost centers unless working on non-Aviation activities, which will instead be compensated from a separate CDOT cost center. As appropriate, the staff member will co-locate between Communications and Aeronautics. Terms of the matrix arrangement will be revisited at the end of the loan.
- 3) Clarifies some of the reporting and implementation measures of DAF and Aeronautics in regards to cash management forecasting, presenting the budget bi-annually, and identification of to whom reports are sent.
  - 4) Clarifies intent of the level of collaboration on communications, what type of communications and to whom.
  - 5) Identifies that nothing in the MOU supercedes the Division's Policies and Procedures Manual.
  - 6) Specifies that roles and responsibilities for staff members will be identified and properly documented by DAF, Aeronautics, Communications, and Human Resources.

#### Next Steps

Implementation of the MOU will begin no later than May 4, 2015 with the transfer of staff while conducting ongoing Division programs.

#### Attachments

- Attachment A: Memorandum of Understanding
- Attachment B: Resolution



**MEMORANDUM OF UNDERSTANDING****For Intergovernmental Collaboration between the Colorado Department of Transportation and the Colorado Aeronautical Board regarding the Operations of the Division of Aeronautics**

This Memorandum of Understanding (MOU) is hereby entered into by:

The Colorado Department of Transportation (CDOT)

Colorado Aeronautical Board (CAB)

**PURPOSE**

It is the intent of this MOU to lead to a more clearly defined collaboration and coordination between CDOT and its Division of Aeronautics in order to achieve the goals of the Division, CDOT and the Colorado Aeronautical Board.

This MOU is effective May 1, 2015.

**GOALS**

In meeting these purposes, four goals have been identified.

1. Ensure that the Director of Aeronautics and the CDOT Executive Director have the collaborative working relationship required to provide the strategic support necessary for the programs directed by the CAB.
2. Ensure that Aeronautics has all the tools and resources to meet the financial management needs of the programs directed by the CAB.
3. Enable the Division of Finance (DAF) to give direct assurances to the Executive Director and the CAB that the finances of the programs as directed by the CAB are being properly managed. It is not the intent of these procedures to alter the accountabilities of either division to the CAB or the Colorado Transportation Commission.
4. Enable Aeronautics to effectively coordinate and refine communications with stakeholders, the public and media about programs directed by the CAB.

The following outlines the expectations between CDOT and Aeronautics to improve collaboration and coordination, better define CDOT's administrative oversight, and enhance communication to the CAB, stakeholders and the public:

**OFFICE OF THE EXECUTIVE DIRECTOR WILL:**

1. Provide administrative oversight of the Director of Aeronautics including review of annual strategic plan, development and review of divisional performance metrics and discussion of program issues or policy recommendations to the CAB.
2. Include the Director of Aeronautics in CDOT's senior management team structure including participation in regular meetings and policy discussions to facilitate integrated multi-modal transportation planning and program implementation.

3. Conduct regular performance reviews of the Director of Aeronautics and report to the Chair of the CAB, who will also conduct their own performance review of the Director of Aeronautics.
4. Coordinate with the CAB in the hiring of the permanent Director of Aeronautics as prescribed in statute.

**DIVISION OF AERONAUTICS WILL:**

1. Report regularly to the Office of the Executive Director including presentation of annual strategic plan, development and review of divisional performance metrics and discussion of program issues or policy recommendations to the CAB.
2. Participate in CDOT's senior management team structure to better enable integrated multi-modal transportation planning.

**JOINTLY, OFFICE OF THE EXECUTIVE DIRECTOR AND DIVISION OF AERONAUTICS WILL:**

1. Collaborate on programmatic strategic, performance metrics and major policy recommendations to the CAB.

**DIVISION OF ACCOUNTING AND FINANCE WILL:**

1. Continue to facilitate introduction of the Aeronautics Business Office staff to Colorado State Infrastructure Bank background information and application process.
2. Strengthen the collaboration in cash management, budgeting, and forecasting by transferring the FTE position and budget of the Aeronautics Business Office staff into DAF. The staff role and responsibility will be consistent with CDOT's matrix management model where the staff member will organizationally report to DAF for strategic and operational oversight, with day-to-day direction and management from the Division of Aeronautics Director, and policy direction from the CAB. DAF's Chief Financial Officer and Aeronautics Director will collaborate on performance reviews and any personnel actions, with DAF serving as the official Appointing Authority. Affected employees will continue to be compensated from Division of Aeronautics cost centers unless working on non-Aviation activities, which will instead be compensated from a separate CDOT cost center. As appropriate, the staff member will co-locate between DAF and Aeronautics. Terms of the matrix arrangement will be revisited at the end of the loan.
3. Document responsibilities of Aeronautics Business Office, once integrated into DAF processes. Responsibilities include: setting up and monitoring the structure and funding practices of the Division Programs; reviewing Division Programs transactions and budget procedures; advising the Division Programs manager and Aeronautics Division Director on the Aviation Fund's cash levels; and overseeing day-to-day tasks associated with the Division Programs, including maintenance of funding for Dye Management Group's statement of work. Day-to-day tasks for the Division Programs also include reporting, creation of accounts, the close process, reconciliations, and the payment process to grantees.
4. Establish the cash management and revenue forecasting models from Dye Management Group into existing work processes and train new users to achieve fluency with the models.

5. Communicate normal business office services, as described above, (8 a.m. to 5 p.m.) to the Aeronautics Office through DAF Business Office.
6. Provide Aeronautics with monthly cash management analysis, quarterly revenue forecasting projections, and medium-term and long-term revenue trends supported by the revenue and expenditure forecasts produced by DAF, geopolitical forecasts, and available data.
7. Provide an annual budget recommendation, with a bi-annual update, to the Colorado Aeronautical Board of the amount of funds available for discretionary grants over the current year and the following five years.
8. Analyze the results of the Aeronautics Business Office performance audit tasked to an independent certified public accountant in order to improve grant processes, procedures, and financial management.
9. Present proposals to Aeronautics that enhance revenue capacity and liquidity in future fiscal years.
10. Provide to the CAB a recommended budget for the portion of the Aeronautics administration budget that should be allocated to business and financial functions in the following year.

#### **DIVISION OF AERONAUTICS WILL:**

1. Continue to administer the Division Programs under the auspices of the Colorado Aeronautical Board.
2. Confirm the amount of annual grant awards from the Aviation Fund to CDOT staff before presenting this information to the Board.
3. Communicate to and facilitate relationships with grantees in order to efficiently carry out Division Program goals.
4. Review potential grantees and provide recommendations for approval to CAB.
5. Continue to maintain proper invoicing procedures with grantees and maintain project/program manager activities (create work program, create scope of works, create shopping carts, monitor contract progress activities, sign acceptance of work performed, etc.).
6. Collaborate with DAF to improve Division Programs processes after results of the performance audit are presented.
7. Utilize monthly cash management analysis and quarterly revenue forecasts provided by DAF to plan accordingly for future Division Program needs.
8. Provide access to the Web-based Information Management System (WIMS) to CDOT staff as far as is necessary to manage the financial transactions related to Aeronautics' Programs.
9. Provide financial information to DAF to be utilized for cash management system created by Dye Management Group.
10. Research and document a business plan to be presented to and approved by the Colorado Aeronautical Board. The business plan will be reviewed by the CDOT Chief Financial Officer, and include specific recommendations for future Division Program growth over the course of two, five, and ten years.
11. Update the Colorado Aeronautical Board with Division Program process enhancements and forecasts.
12. Evaluate proposals presented by DAF to improve revenue and liquidity in future fiscal years. Advise on feasibility of potential approaches to revenue generation.

**JOINTLY, DIVISION OF ACCOUNTING AND FINANCE AND THE DIVISION OF AERONAUTICS WILL:**

1. Cooperate on the goals of cash management and revenue forecasting, and coordinate the potential uses of existing and future cash resources in the Aviation Fund that disburses grants.
2. Communicate Aviation Fund assessments and disclosures between divisions through written, verbal, and in-person contact.
3. Integrate Aeronautics revenue forecasting into quarterly DAF revenue forecasting in order to provide frequent evaluations of revenue projections and the Division Program budget to the Colorado Aeronautical Board.
4. Provide all necessary materials and disclosures necessary to successfully complete the performance audit of the Division of Aeronautics' grant making process.
5. Together, implement those performance audit recommendations determined to be beneficial to the grant making process or policies and procedures.
6. DAF and Aeronautics will work to create timelines of recurring information-sharing and collaboration.

**OFFICE OF COMMUNICATIONS WILL:**

1. Strengthen the collaboration in communications by transferring the FTE position and budget of the Aeronautics Communications staff into DAF. The staff role and responsibility will be consistent with CDOT's matrix management model where the staff member will organizationally report to Communications for strategic and operational oversight, with day-to-day direction and management from the Division of Aeronautics Director, and policy direction from the CAB. The Communications and Aeronautics Directors will collaborate on performance reviews and any personnel actions, with Communications serving as the official Appointing Authority. Affected employees will continue to be compensated from Division of Aeronautics cost centers unless working on non-Aviation activities, which will instead be compensated from a separate CDOT cost center. As appropriate, the staff member will co-locate between Communications and Aeronautics. Terms of the matrix arrangement will be revisited at the end of the loan.
2. Work with Aeronautics to develop and implement an annual strategic communications plan to include media, stakeholder and other communications to guide overall communications approach.
3. Provide regular proactive and responsive media relations support and outreach as well as additional social media, include serve as the division spokesperson for Aeronautics issues.
4. Provide regular public and stakeholder communications support in collaboration with Policy Office.

**JOINTLY, OFFICE OF COMMUNICATIONS AND DIVISION OF AERONAUTICS WILL:**

1. Collaborate on public communications to ensure consistency in message and outreach, especially as related to key issues that might be impactful statewide or would be addressed in the media. This is not designed to limit CAB and Division staff's ability to communicate with airports and the aviation community about specific programs, grants, etc. expected in normal course of business.

**LIMITATIONS**

Each of the signatories will conduct activities under this MOU within the scope of and to the extent authorized by their existing statutory authorities.

This MOU is an MOU among the signatories and does not create or confer any right or benefit on any other person or party, private or public. Nothing in this MOU is intended to restrict the authority of any signatory to act as provided by law or regulation, or to restrict any agency from enforcing any laws within its authority or jurisdiction.

All commitments arising from this MOU are subject to each signatory's budget priorities and the availability and limitations on the use of appropriated funds for such purposes. Nothing in this MOU obligates any of the signatories to expend appropriations or to enter into any contract or to incur other financial obligations.

Nothing in this MOU supersedes information sharing requirements in U.S. law or regulation.

Nothing in this MOU impairs or otherwise affects the authority of the heads of the signatory organizations over their organizations.

Nothing in this MOU is intended to create rights or obligations enforceable in a court of law.

Nothing in this MOU is intended to supersede the Division of Aeronautics Policies and Procedures Manual.

**EXECUTION**

- Aeronautical Board endorsement of the MOU on April 17, 2015 will allow DAF, Communications, and Aeronautics to begin the transition of the Aeronautics' Business Office into DAF and Aeronautics' Communications into CDOT.
- Affected parties must sign the MOU, which will be sent to relevant administration.
- Business Office staff to begin the process of integration to DAF, while continuing to perform the necessary functions of Division Programs at the Division of Aeronautics. Completion is scheduled for May 4, 2015.
- Office of Communications staff to begin the process of the integration, while continuing to

perform the necessary functions of Division Programs. Completion is scheduled for May 4, 2015

- Specific roles and responsibilities for staff members will be identified and properly documented by DAF, Aeronautics, Communications and Human Resources.
- Exposure to Dye Management Group’s previously created cash management and revenue forecasting models will commence for Business Office staff.
- Nothing in this MOU supersedes the Division of Aeronautics Policy and Procedures manual as it related to the Colorado Revised Statutes

This MOU may be modified or amended by mutual consent of the key officials listed below. It is mutually agreed and understood by all signatories that:

- Any signatory organization may withdraw from this MOU at any time.
- A signatory organization is encouraged to provide a 60-day advance written notice to the other signatories of the intent to withdraw from the MOU.
- Changes to the scope of this MOU shall be made by the issuance of a multilaterally executed modification.
- This MOU is subject to the availability of funding and is intended to be guidance for the respective parties. This MOU may not serve as the basis for any challenges or appeals.
- The MOU and all elements contained within it, including the matrix management arrangement with of staff, will be proactively revisited at the end of the loan.

**AREAS FOR SIGNATURE**

Executive Director, Colorado Department of Transportation	Date

Chair, Colorado Aeronautics Board	Date

Director, Division of Aeronautics or His/Her Designee	Date

**Colorado Aeronautical Board**  
**April 17, 2015**

**WHEREAS**, the Colorado Aeronautical Board (CAB) was created to support the development of a safe and efficient statewide aviation system that supports the needs of residents, visitors and businesses under CRS 43-10-101; and

**WHEREAS**, the Colorado Department of Transportation (CDOT) works cooperatively with the CAB to provide an integrated multi-modal transportation system; and

**WHEREAS**, the Division of Aeronautics provides valuable state funding to Colorado airports for aviation projects that are eligible for federal matching funds through the State Aviation Fund; and

**WHEREAS**, aviation projects positively impact local communities through safety and efficiency enhancements and the promotion of economic viability; and

**WHEREAS**, the State Aviation Fund has seen a depletion in its cash balance due to decreased revenues and an increase in grant disbursements in recent years, potentially negatively impacting Colorado's airports and local economies; and

**WHEREAS**, the State Comptroller, in supporting a cash advance to replenish cash in the State Aviation Fund, has required the proper controls are put in place that assure the situation will not repeat itself in the future; and

**WHEREAS**, increased and more clearly defined collaboration and communication between CDOT and the Division of Aeronautics will benefit both parties; and

**WHEREAS**, a Memorandum of Understanding (MOU) is an agreement between two governmental parties to collaborate and communicate on processes and program implementation; and

**WHEREAS**, the MOU will ensure that the Director of Aeronautics and the CDOT Executive Director have the collaborative working relationship required to provide the strategic support necessary for the programs directed by the CAB;

**WHEREAS**, the MOU will ensure that Aeronautics has all the tools and resources to meet the financial management needs of the programs directed by the CAB; and

**WHEREAS**, the MOU will enable CDOT through the Division of Accounting and Finance to give direct assurances that the finances of the programs directed by the CAB are being properly managed; and

**WHEREAS**, the MOU will enable effective, accountable communications with stakeholders, the public, and media about programs directed by the CAB.

**NOW THEREFORE BE IT RESOLVED**, the Colorado Aeronautical Board authorizes the Division of Aeronautics to enter into a Memorandum of Understanding with the Colorado Department of Transportation.

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Chair, Colorado Aeronautical Board

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Date

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Director, Division of Aeronautics or His/Her Designee

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Date