

Passenger Facility Charge (PFC) Plan Of Finance

Items for consideration:

- State Infrastructure Bank Loan (2014)
- Passenger Facility Charge Application #20

Prepared for the Colorado Springs City Council

June 2014



Intent of Resolution(s)

- **These resolutions build on the September 2013 Resolution authorizing the Airport to apply for a PFC-backed State Infrastructure Bank loan.**
- **The 2014 SIB loan is a low-interest rate loan backed by PFC revenues that will:**
 - finance all planned FY2014 PFC project commitments
 - be serviced utilizing 15% of estimated PFCs over a 10 year term
 - restore \$1.5M to cash reserves previously utilized for PFC projects
- **The intent of PFC application #20 is to request authorization to collect PFCs to service the 2014 SIB loan.**

PFC defined

- **PFCs are federally authorized fees collected per enplaned passenger.**
- **The current PFC rate at COS is \$3.00 (\$2.89 after airline remittance).**
- **As of June 2014, 390 airports are approved to collect PFCs.**
 - 351 airport are approved at \$4.50
 - 39 airports are approved at \$3.00
- **There are two methods by which PFC projects are funded:**
 - “Pay-as-you-Go”
 - “PFC-backed financed funding”

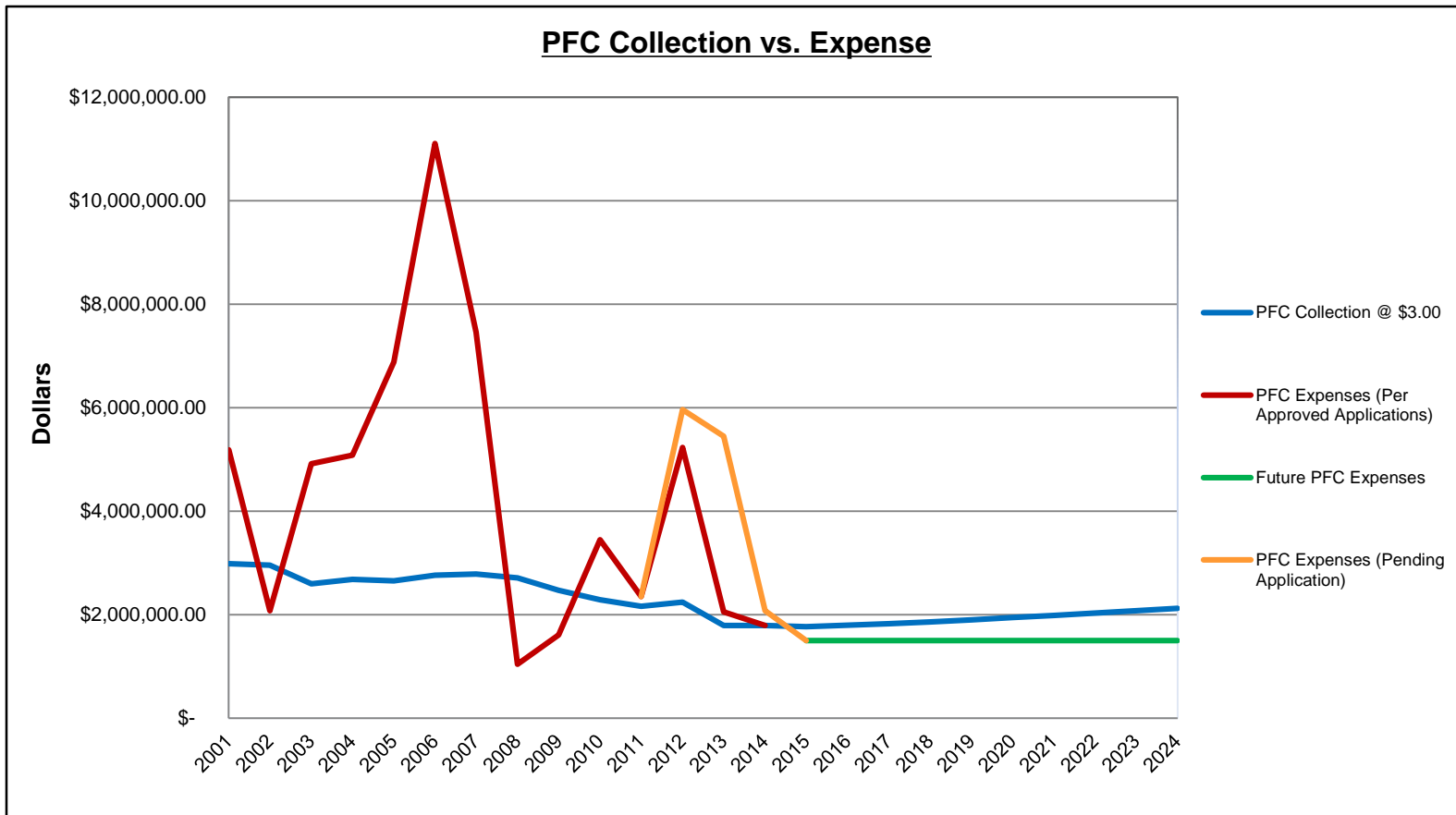
PFC Projects Funding Methodology

- **“Pay-as-you-Go” (Pay-go) is typically used for:**
 - Small projects intended for short durations (i.e. Small vehicles, Equipment)
 - Project costs that closely match collections during a short time period

- **PFC-backed Debt is often used:**
 - For large capital projects (i.e. Terminal expansion, Airfield pavement)
 - When projects exceed PFC collections
 - When anticipating longer cash flow scenarios

PFC Collection and Expenditure (COS)

- PFC expenditures have been dedicated to support high-priority capital projects
- PFC revenues declined 40% since 2008
- Airport cash-flowed a majority of these projects out of the cash reserve balance.



PFC Plan of Finance

The airport has established a debt management policy for PFC projects that will follow the simple guidelines to:

- 1) Prioritize future PFC projects to ensure they are feasible and affordable without burdening reserves
- 2) Include future design costs of grant funded projects within the project grant applications
- 3) Fully leverage available state, federal and private funding sources reducing Airport's matching share
- 4) Defer, de-scope, or delete future PFC funded project expenses to align with PFC collections
- 5) Issue PFC backed debt as appropriate to allow for PFC project financing

PFC Stakeholder Review and Engagement Process (complete)

- **Sponsor (COS) determines PFC project financing method:**
 - COS selected PFC-backed debt financing; (SIB loan)
 - COS received authorization from City Council to apply for SIB loan
- **2014 SIB loan application review and approval agencies:**
 - Colorado Department of Transportation - Division of Aeronautics
 - Colorado Civil Aeronautics Board
 - CDOT (3rd party Financial Advisor)
 - State Infrastructure Bank Committee
 - Colorado Transportation Committee
- **COS was awarded a 2014 SIB loan on May 15th, 2014**

PFC Stakeholder Review and Engagement Process (upcoming)

- **Seeking approval of local jurisdiction (City Council)**
 - Resolution to accept the SIB loan
 - Resolution to apply for PFC application #20
- **Formal Airline Consultation (any carrier over 1% of passenger traffic)**
 - Typically 30 – 45 days after formal notification and submittal of information
- **Federal Aviation Administration record of decision/determination**
 - Local Airport District Office
 - Regional District Office

On-going and Planned Capital Improvement Projects

- **Rehabilitation of Taxiways E,G & H (Phase V) :**
\$492,385
- **Re-striping of Runway 17R-35L paint markings:**
\$59,674
- **Taxiway A Rehabilitation (Priority Areas 1 & 2):**
\$333,333
- **Fleet Improvements:**
\$620,000
- **Cooling Towers replacement:**
\$800,000
- **Constant Current Regulator purchase:**
\$30,000

Thank you.

Questions?

