



Legislation Text

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A Resolution Authorizing the Colorado Springs Airport to Apply for a Loan from the Colorado Department of Transportation State Infrastructure Bank (“SIB”) in an Amount Not to Exceed \$5,000,000 to Fund Infrastructure and Capital Asset improvements at the Colorado Springs Airport.

From:

Dan Gallagher, Director of Aviation

Summary:

Attached is a resolution to authorize the Colorado Springs Airport to apply for a loan from the Colorado Department of Transportation (CDOT) State Infrastructure Bank (SIB)-Aviation Division in the amount of \$5,000,000. This loan will be used for revenue generating infrastructure and capital asset improvements at the Colorado Springs Airport.

Previous Council Action:

N/A

Background:

In an effort to retain and attract new aviation businesses to the Colorado Springs Airport (COS), local government and business leaders have been successful in creating a Commercial Aeronautical Zone (CAZ) at both the City and County levels. In addition to the CAZ, the State of Colorado has recently designated COS an “Aviation Development Zone”, creating even greater economic incentives for business development at the Airport.

These incentive programs have proven useful in recruiting a number of potential business opportunities to start and expand their businesses at COS which would improve Airport revenue diversification, increase activity levels, and create a significant number of highly skilled jobs. Based on these opportunities, the Airport has determined that there is a need for additional infrastructure, specifically hangars, in order to bring new business to the Airport.

Financial Implications:

The Airport will use the loan proceeds to construct additional hangar space and complete infrastructure improvements with regard to the operating needs of a new tenant. The revenue generated from the new asset will cover the principal and interest payments on this loan. The Airport will apply for a loan contingent upon the execution of a corresponding agreement(s) that would generate sufficient revenues to cover the potential SIB loan payment. The SIB loan has a lower interest rate cost than alternative loans through a private lender.

Board/Commission Recommendation:

The Airport’s strategic initiatives are regularly presented to the Airport Advisory Commission and the

Air Service Task Force for public input. Both the Airport Advisory Commission and Air Service Task Force have been briefed on this strategy and have offered their support.

Stakeholder Process:

The Airport coordinates infrastructure projects with the Airport's airline partners and tenants. The Airport presents capital projects to the Airport Advisory Commission and the Air Service Task Force and seeks public input through that process.

Alternatives:

Without approval to apply for the CDOT SIB loan, the Airport will have to look to private sources that have a greater cost of capital or use its reserves to build the infrastructure. This would have a negative impact on the unrestricted reserves, cash ratios and bond coverage.

Proposed Motion:

Staff recommends approval of this resolution.

N/A