



Legislation Text

File #: 15-00739, **Version:** 1

A resolution to authorize the Colorado Springs Airport to submit an application to and accept and execute a loan with the Colorado Department of Transportation State Infrastructure Bank - Aviation Division in an amount not to exceed \$5,000,000 to fund Passenger Facility Charge (PFC) projects at the Colorado Springs Airport

From:

Dan Gallagher, Director of Aviation

Summary:

Attached is a resolution to authorize the Colorado Springs Airport (Airport) to submit an application for a Colorado Department of Transportation (CDOT) State Infrastructure Bank (SIB) - Aviation Division - loan in an amount not to exceed \$5,000,000. The resolution will also allow the Airport to accept and execute the loan when offered by CDOT. This loan will fund Passenger Facility Charge (PFC) projects at the Colorado Springs Airport.

Previous Council Action:

Council has previously passed Resolution NO. 81-13 and Resolution NO. 102-14 as noted in the attached.

Background:

The Airport funds capital projects through a combination of FAA grants, State grants, Passenger Facility Charges (PFC) and the Capital Improvement Fund. The Airport pays project costs out of current reserves and then is reimbursed by the appropriate funding source. Grant reimbursements are normally received within 30 days. However, since PFC funds are based on enplanements and received throughout the year, the reimbursement period can exceed several years. This results in the Airport cash flowing PFC projects for a number of years from its reserves. Recently, CDOT has indicated funds are available for eligible projects and recommended the Airport submit an SIB loan application by January 2016 for consideration.

Financial Implications:

By applying for an SIB loan, the Airport will use the loan proceeds to fund the PFC eligible share of the capital projects planned for 2016 and 2017. The Airport will utilize future PFC collections to make the principal and interest loan payments over the next 10 years while still maintaining funds available for future PFC projects. The current SIB loan interest rate now being offered is at 2.5%, which is substantially lower than the private market place. If PFC collections fall below projections, the Airport's annual share of state fuel and excise tax revenues will be used to make the principal and interest loan payments.

Board/Commission Recommendation:

The Airport's strategic initiatives are regularly presented to the Airport Advisory Commission. The Airport Advisory Commission has been briefed on this strategy and has provided a signed letter of support.

Stakeholder Process:

The Airport coordinates PFC funded projects with the Airport's airline partners and the FAA. These stakeholders were briefed on the funding options and have given their support along with CDOT to pursue this application.

Alternatives:

Without approval to submit an application for a CDOT SIB loan, the Airport will have to fund the local share portion of the projects from its reserves until sufficient PFC funds are collected to reimburse the reserves. This would have a negative impact on the unrestricted reserves, cash ratios and bond coverage.

Proposed Motion:

Staff recommends approval of this resolution.

For ordinances, enter the substantive elements in 40 words or less for publication purposes. Enter N/A if not applicable.