

TO: James L. App, City Manager
FROM: Jim Throop, Administrative Services Director
SUBJECT: **Airport Capital Fund**
DATE: December 16, 2014

NEEDS: For the City Council to consider funding the Airport Capital Fund from the Airport Reserve Fund.

- FACTS:**
1. The City's Airport has run an annual operating surplus for over 10 years, during this time, reserve funds built to a level of approximately \$1.7 million.
 2. Grant proposals are regularly submitted to the State and Federal governments for assistance in improving the airport.
 3. Many of these grants require a capital match with funds set aside in a separate holding fund. In 2013, the City created the Airport Capital Reserve Fund to be used for all matching grants.
 4. Approximately \$917,000 was moved from the Airport Reserve Fund to the Capital Match fund, to be used for grant matches and related capital projects.
 5. With the different grants that have been awarded and with other grants to be applied for, it is recommended that this capital match fund be continually replenished such that granting agencies can verify that there are actual dedicated grant match funds available.
 6. Approximately \$1.2 million is needed in the Airport Capital fund on an ongoing basis to meet these needs.

**Analysis &
Conclusion:**

The Airport is a recipient of numerous grant awards from both the State and Federal government. The State/Feds have stated that it is important that the City segregate grant match funds from normal Airport reserves, so that during the grant approval process granting agencies can verify that funding is available for the match. Having grant match funds sit in the normal Airport reserves does not readily demonstrate that funding is actually available for the grant match.

In FY2013, an Airport Capital fund was created and approximately \$900,000 was moved into the fund for grant matches. Since that time the fund has dropped to approximately \$500,000. The Capital fund has used approximately \$400,000, of the \$900,000 on the following projects:

Fuel Island Upgrade - \$225,000
Engineering Services to Prepare Bid Specs for taxiways - \$165,000

The Airport has current capital projects (fuel island, taxiway rehab) that will need additional funding, plus, there is a high probability of receiving fairly large FAA grants each year for the next 10 years.

Known Expenses for the Capital Fund

Additional Fuel Island expense - \$350,000

Taxiway Rehab Project - \$100,000

FAA \$5M Grants (FY15-FY20) – grant match - \$500,000

Additional FAA \$6M grants (FY20-FY25) - \$600,000

Total - \$1,550,000

It is requested that the Airport Capital fund be continually funded at approximately \$1.2 million, on an ongoing basis in order to fulfill capital and grant match requirements. This funding level allows the Airport to submit for grants and prove to the granting agencies that the City has the funds available and that they are designated for capital improvements.

The regular Airport Reserve fund currently has approximately \$1.7M in funds. These funds are designed to assist in the basic maintenance of the airport. Transferring \$700,000 from the Airport Reserve fund to the Airport Capital Fund will leave the Airport Reserve fund with approximately \$1M to do normal repairs and maintenance.

The request being made to City Council is to approve the resolution such that the Airport Capital Fund would be allowed to maintain, on an ongoing basis, an annual balance of approximately \$1.2M.

Transfers would be requested by Public Works, and Administrative Services would first verify that funds are available for transfer, and if available, would finalize the transfer to the Airport Capital Fund.

FISCAL

IMPACT: No direct financial impact for the City.

Options:

- a. That the City Council adopt Resolution No. 14-XXX approving the transfer of funds from the Airport Reserve fund to the Airport Capital fund, such that a balance of approximately \$1.2 million is maintained in the Airport Capital fund for use with grant matches; or
- b. Amend, modify, or reject the above option

RESOLUTION NO. 14-xxx

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING THE ONGOING FUNDING OF THE AIRPORT CAPITAL FUND
WITH TRANSFER FROM THE AIRPORT RESERVE FUND

WHEREAS, the City has been successful in obtaining all kinds of funds from both State and Federal sources for the continued improvement of the City's airport; and

WHEREAS, the City continuously submits grant proposals with both the State and Federal government for Airport improvement funds; and

WHEREAS, many of the grants require a segregated capital matching fund; and

WHEREAS, it has been determined that an Airport Capital fund of approximately \$1.2M would be beneficial to the Airport in its ability to attract and receive grants.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the Council approves an ongoing transfer of funds from the Airport Reserve fund (Fund 602) to the Airport Capital fund (Fund 604), such that the Airport Capital fund maintains an annual balance of \$1,200,000.

PASSED AND ADOPTED BY THE City Council of the City of Paso Robles this 16th day of December, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk