



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 12/12/2023

To: Board of Supervisors

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector and Sonoma County Public Infrastructure

Staff Name and Phone Number: Erick Roeser, 707-565-3295; and Johannes J. Hoevertsz, 707-565-2550

Vote Requirement: 4/5th

Supervisorial District(s): Third

Title:

Sonoma Public Infrastructure - Airport Division Temporary Transfer of Funds

Recommended Action:

Adopt a Resolution authorizing the Auditor-Controller Treasurer-Tax Collector to establish a temporary transfer of funds, also known as a line of credit or negative cash balance position in the County Pooled Investment Fund, for the Sonoma Public Infrastructure - Airport Division in an amount of \$10,520,000.

Executive Summary:

Pursuant to Article XVI, Section 6 of the California Constitution, the Sonoma Public Infrastructure (SPI) - Airport Division (Airport), with Auditor-Controller Treasurer-Tax Collector (ACTTC) support, is requesting the Board approve a temporary transfer of funds in an amount not to exceed \$10,520,000 to provide the Airport with operating capital until anticipated Federal Aviation Administration (FAA) grant funding is received in the first quarter of calendar year 2024. The amount requested by the Airport represents 85% of the outstanding grant funding the FAA has committed to provide for the newly renovated Airport passenger terminal.

The temporary transfer of funds must be repaid by the last Monday in April of the current fiscal year. If FAA funding is not received by that time, it may be necessary for the County General Fund to issue a note to repay the temporary transfer of funds. Although unlikely, the Board has approved issuance of General Fund notes in the past for various Airport capital projects (most recently on May 19, 2020). If necessary, issuance of a General Fund note would represent a commitment to restore the County Pooled Investment Fund resources should FAA grant funding not be received as expected. In this scenario, the Airport would work with the County Debt Advisory Committee to develop a long-term funding solution and return the Board for approval.

Discussion:

The Airport recently completed construction of a new passenger terminal with a total project cost to date of \$41.9 million. The Federal Aviation Administration (FAA) supplied two grants to fund this project: AIP57 provided \$10,000,000 for project reimbursement at a 90.66% rate of eligible cost reimbursement, and AIP58 provided \$12,509,816 for project reimbursement at 100% rate of eligible cost reimbursement, for a total project reimbursement of \$22,509,816.

On January 31, 2023, the Airport made a request to the Board to approve terminal cost and contingency fund

increase for cost overruns due to increased construction costs and change orders in the amount of \$5,000,000. The construction costs have continued to rise. The Airport had anticipated that the reallocation of \$9,000,000 through a CARES Act Project Addendum would have been in place months ago but issues beyond the Airport's control have delayed their response. These increased costs and the delays in the receipt of additional FAA funding have created a negative fund balance in the Airport Enterprise Fund which warrants the Board's attention.

The Airport was awarded at total of \$19,661,086 in FAA CARES Act funds which are separate from the County's CARES Act funding. A provision in the FAA CARES Act funding allows for a separate application to be made to enable the use of those funds for project specific uses. In consideration of the \$19,000,000 funding gap identified for the Terminal Project, the Airport requested \$9,000,000 in the FAA CARES Act allocation be converted to a project addendum making it available for terminal project reimbursement. The FAA is currently in the process of converting the \$9,000,000 in CARES Act funding to an Airport Improvement Program grant (AIP 75) which will make the funds available for reimbursement of terminal construction costs. As soon as AIP 75 is issued funds will be available for draw down.

Additionally, under the terms and conditions of the FAA AIP Grant Program, the Airport can request an increase of up to 15% for any construction grant at close out. Due to the cost of the project, the Airport has requested that the FAA amend the two current project grants (AIP 57 and 58). Pending review and approval of contract change orders and additional documents, the FAA has committed to an additional \$3,376,472 of grant funding for the project. The review process is underway, and approved funds will be available when complete.

Based on above information, the Airport has met with ACTTC to develop a plan that addresses the Airport's current cash flow needs. The plan agreed upon would allow the ACTTC to establish a temporary transfer of funds for the Airport in the amount of up to \$10,520,000 or 85% of the FAA funding of \$12,376,472 to be provided by the grant amendments and CARES Act Project Addendum by March 31, 2023. The temporary transfer of funds must be repaid by the last Monday in April of the current fiscal year. If FAA funding is not received by that time, it may be necessary for the County General Fund to issue a note to repay the temporary transfer of funds. In this scenario, the Airport would work with the County Debt Advisory Committee to develop a long-term funding solution and return the Board for approval. The Airport in conjunction with ACTTC is requesting the Board's support of this plan.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

January 31, 2023 - Sonoma County Airport Terminal Area Redevelopment Project Cost and Contingency Increase

December 6, 2022 - Supplemental Professional Services Master Agreements

March 1, 2022 -Terminal Area Redevelopment Project Enhancements Contingency Increase

September 1, 2020 - Approve Construction Agreement Amendment, Task Orders Related to the Charles M. Schulz - Sonoma County Airport Terminal Modernization Project, and Addendum to the Airport Master Plan Environmental Impact Report

September 17, 2019 - Award of Agreement for Construction Manager (Construction Management at-Risk firm) for the Charles M. Schulz - Sonoma County Airport Terminal Area Redevelopment Project

April 30, 2019 - Board Presentation Future Growth of the Airport

February 26, 2019 - Mead & Hunt Task Order #9

January 29, 2019 - Sprung Structure Lease Purchase Option & Sprung Structure Extension Purchase May 8, 2018 - Terminal Expansion Update

May 8, 2018 - Long Term Financing for Terminal Expansion Projects

February 21, 2017 - Approve Sprung Structures Tent Lease

February 9, 2016 - Board Presentation Future Growth of the Airport

February 9, 2016 - Mead & Hunt Master Agreement

September 13, 2016 - Financing Expansion of Existing Passenger Terminal

September 13, 2016 - Approve Contracts for Mead & Hunt Terminal Design

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested	212,000		
Total Expenditures	212,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	212,000		
Use of Fund Balance			
General Fund Contingencies			
Total Sources	212,000		

Agenda Date: 12/12/2023

Narrative Explanation of Fiscal Impacts:

The Airport and ACTTC currently estimate interest due to the Treasury of approximately \$212,000 after FAA grant funding is received and the negative fund balance has been resolved. The interest due will be paid from Airport fees and charges collected from tenants, airlines, rental car agencies, and public parking. A budget adjustment will be requested at a future quarterly Consolidate Budget Adjustment, if needed.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Resolution

Related Items "On File" with the Clerk of the Board:

None.