



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 5/19/2020

To: Board of Supervisors

Department or Agency Name(s): Transportation and Public Works

Staff Name and Phone Number: Johannes J. Hoevertsz 707-565-2231

Vote Requirement: Majority

Supervisorial District(s): All

Title:

Issuance of County Airport Note to Fund the New Airport Passenger Terminal Capital Improvement Project

Recommended Action:

Approve a resolution authorizing the issuance of a County Airport Note to support capital improvement projects at the Charles M. Schulz - Sonoma County Airport. The resolution is for a County Airport Note in the amount of \$1,500,000 to finance Airport terminal improvement costs until Federal Aviation Administration reimbursement is received. The Note will be issued July 1, 2020 with the term ending June 15, 2021.

Executive Summary:

The Department of Transportation and Public Works is requesting the issuance of a County Airport Note to assist with financing of the new passenger terminal capital project at the Charles M. Schulz - Sonoma County Airport. The Note will replace existing County Airport Note 2020-2. The project funded with this Note is the new passenger terminal construction which is separate and distinct from the temporary terminal hold room. In addition, the project funded by the Note contemplated in this Board Item is eligible for Federal Aviation Administration reimbursement.

Discussion:

County Note Series 2021-1 - \$1,500,000 New Passenger Terminal Construction

The Department of Transportation and Public Works (TPW), Airport Division (Airport) is requesting to issue a Note in the amount of \$1,500,000 to cover initial expenses incurred to construct the new passenger terminal at the Charles M. Schulz - Sonoma County Airport.

The original \$1,500,000 Note (2018-5) issued on 3/13/18 was to be used to finance the acquisition of property. This note was replaced with a new note issued 7/1/18 (2019-2) and again on 7/1/19 (2020-2). This request is to issue a new replacement Note to assist with liquidity for the new passenger terminal construction project pending long term financing. The Airport requests issuance of a Treasury Note at this time to assist with cash flow until grant funds can be secured. In the event the Federal Aviation Administration (FAA) does not program grant funds by the end of FY 20-21, the Airport will work with the County's Debt Advisory Committee to identify and secure a long-term debt instrument to replace the County Note.

The only other Note currently issued regarding the Airport, 2020-1 for the Terminal Apron Rehabilitation, will be paid off prior to the end of this current fiscal year. That Note, originally 2016-2 was paid in full on July 21,

2016, however in order to assist with liquidity for other capital projects, a replacement Note was issued on August 2, 2016 (2016-2 ext. 1). A second replacement Note (2018-3) was issued on August 1, 2017, and a third replacement Note (2019-1) was issued on July 1, 2018. During FY 2018-19, the Airport received a \$1,000,000 reimbursement from the FAA. Therefore, the Airport requested a fourth replacement Note (2020-1) be issued on July 1, 2019 in the amount of \$1,000,000. The FAA has currently programmed reimbursements of \$500,000 in calendar years 2019 and 2020 and that debt will be retired.

NOTE REQUEST 2021-1:

Loan Purpose Construction of New Passenger Terminal

Loan Amount \$1,500,000

Loan Term 12 months Note due June 15, 2021.

Loan Interest Rate The most recent calendar quarter pooled interest rate plus 75 basis points rounded up to the nearest tenth estimated at 3.10%

Loan Guarantee General Fund - although the loan is guaranteed by the General Fund, actual repayment will come from reimbursement by the Federal Aviation Administration

REPAYMENT SOURCE:

Principal Federal Aviation Administration 90%, 10% Local Match

Accrued Interest Airport Enterprise Fund - operational revenues

RISK OF NON-PAYMENT:

The risk that the FAA will not have the funding to reimburse the Airport 90% of the eligible costs within the term of the loan and subsequent renewals is very low. However, to address the risk, TPW opts to pledge its FY 20-21 contribution from the General Fund as a guarantee of loan repayment. This pledge requires an internal arrangement between TPW and the Airport Enterprise Fund, the operating fund for the Airport, as to repayment of the General Fund contribution to TPW.

The subject Note has been reviewed and approved by County Counsel, the County's Debt Advisory Committee and the Treasury has agreed to purchase the Note. In addition, loan guarantee provisions were approved by the Board of Supervisors on March 13, 2018.

Prior Board Actions:

County Note Series 2021-1 - \$1,500,000 New Passenger Terminal Construction

5/21/2019: No. 36 Res#19-0237 Board authorized issuance of Series 2020-2 Note.

6/5/2018: No. 43 Res #18-0240 Board authorized issuance of Series 2019-2 Note.

3/13/2018: No. 13 Res #18-0076 Board authorized issuance of Series Note 2018-5.

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses		\$1,545,850	
Additional Appropriation Requested			
Total Expenditures		\$1,545,850	
Funding Sources			
General Fund/WA GF			
State/Federal Grant at 90.66%		\$1,401,468	
Fees/Other Airport Enterprise Fund Revenue (9.34%)		\$145,382	
Use of Fund Balance			
Contingencies			
Total Sources		\$1,545,850	

Narrative Explanation of Fiscal Impacts:

The projected financial impact associated with extension of these Notes is limited to the airport required match of 9.34% that has been included in the FY 2020-21 recommended Airport budget. The remainder, 90.66% will be covered by federal grants which are in the process of being approved. The Airport currently anticipates receiving well in excess of \$1,500,000 in FAA grant reimbursement and long term funding during FY 2020-21 that will be used to pay off the outstanding total principal balance by June 15, 2021. The Airport had not anticipated FAA funding would be available for Note 2020-2 during the fiscal period FY 2019-20 but anticipated carrying the full \$1,500,000 debt obligation forward into FY 2020-21 as outlined in the 5/21/19 Board Presentation.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Note and Resolution

Agenda Date: 5/19/2020

Related Items “On File” with the Clerk of the Board:

None