



AGENDA MEMORANDUM

Action Item for the City Council Meeting January 26, 2021

DATE: December 28, 2020
TO: Peter Zaroni, City Manager
FROM: Fred Segundo, Director of Aviation
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Authorize submission of Passenger Facility Charge Application No. 3 allowing for recovery of airport's grant matching funds associated with Runway Extension and Taxiway Projects at Corpus Christi International Airport.

CAPTION:

Motion authorizing the City Manager or designee to submit and amend, as necessary, Passenger Facility Charge (PFC) Application No.3 to the Federal Aviation Administration to allow for reimbursement of \$8,025,062 in airport operating funds used to match runway extension and taxiway project grant monies, to affirm all assurances and understandings required in PFC Application No. 3, and to take any actions required in connection with the application.

SUMMARY:

PFC Application #3 will allow CCIA to use current PFC collections, in excess, to reimburse funds already spent on Runways 17-35 and 13-31 and Taxiway projects completed in 2016.

BACKGROUND AND FINDINGS:

The Federal Aviation Administration may authorize airports to collect a Passenger Facility Charge (PFC) of \$4.50 per enplaned passenger to fund eligible capital projects. A formal application process is required along with airline consultation and public comment. On April 14, 1998, the FAA authorized PFC Application #2 for CCIA which provided funding for the construction of the terminal and roadway. PFCs provided pay-as-you-go funds as well as debt service funding for these projects. Application No. 2 has resulted in annual collections of approximately \$1.3 million with \$1.1 million committed to Series 2012 A & B debt service.

CCIA is seeking approval from the FAA for PFC Application No. #3. Application #3 would authorize CCIA to impose and use an additional \$8,025,062 of PFCs through an estimated charge expiration date of August 1, 2031. By securing this approval, CCIA would be authorized to use current PFC collections in excess of the Series 2012 A & B debt service requirements to reimburse funds already spent on the Runways 17-35 and 13-31 and Taxiway projects completed in 2016. It should be noted that no additional charges would be assessed to passengers as the rate is "capped" at \$4.50. The additional revenue would be collected by extending the expiration date through 2031.

ALTERNATIVES:

Without PFC collection and use authority for the Runways 17-35 and 13-31 and Taxiway projects, the debt service on these projects would have to continue to be funded with airport operating revenue or other City revenues. This would limit the Airport's ability to use such airport operating revenues to fund future needed airport capital projects or would require such future projects to be funded with additional debt. Airport staff does not recommend this as a financially viable option.

FINANCIAL IMPACT:

PFC Application #3 will allow CCIA to use current PFC collections, in excess, to reimburse funds already spent on Runways 17-35 and 13-31 and Taxiway projects completed in 2016.

Funding Detail:

Fund:	Passenger Facility Fund - 4621
Organization/Activity:	Runways 17-35 and 13-31 and Taxiways Projects
Mission Element:	274
Project # (CIP Only):	Runways 17-35 and 13-31 and Taxiways
Account:	550910,550920,550950,550970

Passenger Facility Charge funds and budgeted operating funds combine to provide the total debt service requirement.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Passenger Facility Charge Application #3 Packet