



AGENDA MEMORANDUM

Future Item for the City Council Meeting of September 20, 2016
Action Item for the City Council Meeting of September 27, 2016

DATE: August 9, 2016

TO: Margie C. Rose, City Manager

FROM: Fred A. Segundo, Director of Aviation
289-0171 ext.1213
FredS@cctexas.com

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.
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CAPTION:

Motion authorizing the City Manager or designee to submit Passenger Facility Charge (PFC) Application No.3 to the Federal Aviation Administration to allow for reimbursement of \$9.3 million dollars in airport operating funds used to match Runway Extension and Taxiway Project grant monies.

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. 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 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 use of the annual \$200K "surplus" to reimburse funds already spent on the Runways 17-35 and 13-31 and Taxiway projects. Overall, application would allow for the collection of \$9,273,439 through May 1, 2034. 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 2034. The incremental collections would be used to match/fund future airport capital projects as approved by the City Council and the FAA.

ALTERNATIVES:

The only possible alternative is to fund future airport capital projects with additional debt service or from Airport Fund Balance. As a result of diminished Airport Fund debt service capacity through 2030 and a fund balance of approximately \$5 million dollars, Airport Staff does not recommend this as a financially viable option.

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

Projects to be funded are consistent with Airport Master Plan and the funding plan is consistent with the City's Financial Policies.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal
Financial Services
Management and Budget

FINANCIAL IMPACT: Revenue

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$1,258,750		1,258,750
Encumbered / Expended Amount		0		0
This item				
BALANCE		\$1,258,750		\$1,258,750

Fund(s): Passenger Facility Fund - 4621

Comments: 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