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Title: RESOLUTION - Authorizing the Submission of an Application to the California Infrastructure and Economic Development Bank for Financing a Capital Improvement Project

Sponsors: Airports Department

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Attachments: 1. IBank application Resolution 2.14.19.pdf

Date	Ver.	Action By	Action	Result
2/14/2019	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

February 14, 2019

FROM: KEVIN R. MEIKLE, Director of Aviation
Airports Department

SUBJECT

RESOLUTION - Authorizing the Submission of an Application to the California Infrastructure and Economic Development Bank for Financing a Capital Improvement Project

RECOMMENDATION

Approve the attached Resolution authorizing the Director of Aviation or other authorized representative to submit an application to the California Infrastructure and Economic Development Bank (IBank) for a loan for the construction of a parking garage and related work at Fresno Yosemite International Airport (FAT).

EXECUTIVE SUMMARY

The requested Resolution is necessary for the IBank to formally consider, and if approved, offer a low interest \$35 million loan to Airports to fund a parking garage at FAT. The parking garage is estimated to cost \$45.8 million. The \$10.8 million balance will come from Airport equity.

The IBank is planning on considering the Airports loan application on their February 27, 2019 Board meeting. There is no commitment to execute the loan with this action. If the IBank approves the application, Airports plans on seeking Council approval of a second Resolution in April 2019 to accept and execute the loan documents. Funds then will become available in July 2019, which will allow Airports to begin project cost reimbursements.

BACKGROUND

The advantages of a proposed IBank financing are an interest rate of 3.15% and lower costs of issuance. If the Airport were to issue a standard General Airport Revenue Bond, the interest rate would likely be in the 4.2% - 4.5% range. Therefore, the IBank financing affords the opportunity to realize significant interest expense savings, equivalent to an estimated Net Present Value of \$4.8 million, which equates to \$8.2 million in total debt service payments - an estimated 13.7% project cost savings.

The recently completed FAT Master Plan Update recommended a number of capacity enhancements, which includes additional structured parking (parking garage). The parking garage is planned to be three levels, 300 stalls per level for a total of 900 covered stalls. Approval of this Resolution is the first of a number of steps necessary to execute the parking garage project. Future Council requests associated with the parking garage include but may not be limited to, (i) environmental studies (State and Federal), (ii) a resolution to execute IBank loan documents, (iii) design and engineering, and, (iv) construction contract award. Parking garage construction is anticipated to begin in February 2021 with completion in October 2022.

The IBank Resolution has been reviewed and approved as to form by the City Attorney's office.

ENVIRONMENTAL FINDINGS

This Resolution is not a "project" for the purposes of CEQA pursuant to CEQA Guidelines, Section 15378.

LOCAL PREFERENCE

Local preference was not considered because the Resolution does not include a bid or award of a construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund from this action. Approval of the Resolution will allow the Airports Department to take the next step in an effort to secure a low interest loan to design and construct a parking garage at FAT.

Attachment: IBank Resolution