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Title: Approve Amendment No. 1, in the amount of \$40,248, to the consulting services agreement with Unison Consulting, Inc., to complete a Passenger Facility Charges Application for Fresno Yosemite International Airport (Council District 4).

Sponsors: Airports Department

Indexes:

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Attachments: 1. 05-18-17 Unison 1st Amendment_final.pdf

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5/18/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

May 18, 2017

FROM: BRUCE RUDD, City Manager

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

SUBJECT

Approve Amendment No. 1, in the amount of \$40,248, to the consulting services agreement with Unison Consulting, Inc., to complete a Passenger Facility Charges Application for Fresno Yosemite International Airport (Council District 4).

RECOMMENDATIONS

Staff recommends that City Council authorize the Director of Aviation to execute an amendment to the consulting services agreement with Unison Consulting, Inc., (Unison) for preparation of a Passenger Facility Charges (PFC) Application for Fresno Yosemite International Airport (FAT) in the amount of \$40,248.

EXECUTIVE SUMMARY

Airports began working with the Federal Aviation Administration (FAA) on the PFC program update in April 2016. The update consists of two major components, (i) amendment of the existing application and (ii) preparation of a new application. Collectively both components are necessary for FAT to

continue making annual debt service payments through bond term, get reimbursed for completed projects that required the fronting of airport funds, and to fund ongoing and near-term capital projects.

Amendment No. 1 to Unison's agreement will fund additional work required by the FAA related to the preparation and submission of the PFC amendment and new application. Refer to attached Amendment No. 1.

PFCs are paid by passengers at nearly all commercial airports in the United States. A restricted capital funding source, PFCs are commonly used to fund eligible airport debt service, and ongoing capital work that would otherwise not be funded with FAA Airport Improvement Program (AIP) grants. Our PFC program enables funds to stay local and directly benefit FAT. The amended and new PFC application process will not change the current \$4.50 PFC.

BACKGROUND

Airports selected Unison Consulting, Inc. through a competitive process to provide services related to the preparation of a PFC application, and in April 2016 Council approved the consulting services agreement in the amount of \$79,752. Amendment No. 1 will increase the total compensation to \$120,000. The FAA required extensive unanticipated analyses to support its amendment approval, leaving an insufficient budget amount to complete the new application.

The FAA approved FAT's PFC amendment in March 2017. This action will enable Airports to continue to apply \$1.6 million of PFCs toward annual debt service through bond term in 2030, and to reimburse itself for operating revenue used to match FAA AIP grants associated with the 2000 Terminal and Concourse project. The reimbursement will amount to \$1,437,869, and is programmed as a funding source in Airports' 10-year financial plan.

Subject to FAA approval, Airports anticipates that the new application will fund construction projects in the collective estimated amount of \$7 million, and authorize a \$5.5 million reimbursement of operating revenue applied as AIP grant matches since 2004. In effect, the new application will fund projects in the FAT 10-year CIP that presently have no other funding source.

ENVIRONMENTAL FINDINGS

Pursuant to California Environmental Quality Act (CEQA) Guidelines, Section 15378, Amendment No. 1 is not a project.

LOCAL PREFERENCE

The City's Local Preference Ordinance (FMC 4-108) does not apply because this amendment does not include a bid or award of a construction or services contract.

FISCAL IMPACT

Approval of this action allows Airports to complete a PFC application that will yield significant benefits, including, (i) authorizing the continued application of PFCs to partly fund annual debt service through bond term in 2030, (ii) providing a source of funds for necessary capital work that would otherwise not be undertaken, and, (iii) reimbursing Airports for capital work already completed

and partly funded with operating revenue.

These outcomes support future sustainable air service and are critical elements in Airports' 10-year financial plan, which is designed to accommodate FAT's growth as a regional transportation hub and facilitate its role as an engine of economic growth. Funds are available in Airports' FY 2017 budget for Amendment No. 1. There is no General Fund impact associated with this action. Moreover, there is no impact on operating expenses and the cost of preparing the applications is PFC eligible.

Attachment:
Amendment No. 1