



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 15, 2011

TO: Mayor and Councilmembers

FROM: Airport Administration, Airport Department

SUBJECT: Transfer Of Reserves From The Airport Operating Fund To The Airport Capital Fund

RECOMMENDATION:

That Council authorize the transfer of \$1,497,368 from Airport Operating Fund reserves to the Airport Capital Fund to replenish funds used in advance of receiving Passenger Facility Charges for terminal design costs.

DISCUSSION:

The Airline Terminal Improvement Project includes the construction of a new 72,000 square foot airline terminal building, rehabilitation of the 1942 portions of the existing terminal, reconfiguration of the short term parking lot and loop road, and installation of associated landscaping. Sources of funds for these improvements include FAA Airport Improvement Program grants, Certificates of Participation (Revenue Bonds) issued in 2009, Airport Department reserves, and Passenger Facility Charge (PFC) revenues.

The PFC revenue was derived from Passenger Facility Charge Application 07-06-C-00-SBA which was approved by the Federal Aviation Administration to fund a portion of the schematic design and design development for the Airline Terminal Improvement. The PFC funds were collected on a monthly basis from airline passengers for a total amount of \$4,944,000.

Two contracts were awarded to Howard, Needles, Tammen & Bergendoff (HNTB) for schematic design and design development. The design contracts were completed prior to the total collection of PFC revenues, requiring the use of \$1,497,368 in Airport Capital Fund reserves to pay for this cost. In Fiscal Year 2010, additional PFC revenues were collected in the PFC Fund and were used to repay the \$1,497,368. These funds, however, were repaid to the Airport Operating Fund rather than the Capital Fund. Therefore, staff is now requesting authorization to transfer the \$1,497,368 received by the Airport Operating Fund to the Airport Capital Fund.

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