



Airport Commission

City of Arts & Innovation

TO: AIRPORT COMMISSION **DATE: SEPTEMBER 14, 2023**
FROM: GENERAL SERVICES DEPARTMENT **WARD: 3**
SUBJECT: RECOMMEND CITY COUNCIL AUTHORIZE A LOAN APPLICATION TO THE CALIFORNIA DEPARTMENT OF TRANSPORTATION DIVISION OF AERONAUTICS

ISSUE:

Recommend that City Council authorize a loan application to the California Department of Transportation Division of Aeronautics.

RECOMMENDATIONS:

That the Airport Commission recommend City Council authorize a loan application to the California Department of Transportation Division of Aeronautics.

BACKGROUND:

Riverside Municipal Airport reported extensive roof leaks in Winter 2022 and Spring 2023 resulting in damage to multiple airport structures.

DISCUSSION:

To ascertain the extent of roof repairs needed, the Airport contracted with a roofing company to conduct assessments of all airport roofs, including numerous hangars and the main terminal building. The total cost estimate for roof replacements and rehabilitation airport-wide equal \$3,340,000-\$3,720,000. This includes roofs on 17 airport buildings. Additionally, the Airport intends to replace hangar doors on each of two original hangars on the airport, with cost estimate of \$189,000.

These capital expenditures are significantly higher than the available balance in the Riverside Municipal Airport Enterprise Fund. Additionally, the Federal Aviation Administration places a low priority for funding projects such as these, instead prioritizing funding runway and taxiway projects.

Work needed and estimated costs are summarized below.

| RIVERSIDE MUNICIPAL AIRPORT | WORK TYPE | BUDGETS | | CONCERNS & UNFORESEEN ITEMS |
|-------------------------------|-----------------------|------------------------|------------------------|--|
| BUILDING Q. / FAA / FLAT ROOF | REROOF | \$ 400,000.00 | \$ 450,000.00 | Wood decking / asbestos / ponding |
| BUILDING Q. / FAA / TILE ROOF | REROOF | \$ 200,000.00 | \$ 215,000.00 | Wood decking / fascia / tile |
| HANGER E | REROOF | \$ 200,000.00 | \$ 225,000.00 | Wood decking / fascia / weight / ponding |
| CIVIL AIR PATROL / CAVU | RESTORATION | \$ 200,000.00 | \$ 220,000.00 | Rust / Skylights |
| MAIN BUILDING | RESTORATION | \$ 205,000.00 | \$ 225,000.00 | Wood decking / drainage |
| ATP HANGER | RESTORATION | \$ 110,000.00 | \$ 120,000.00 | |
| HANGER F - FLIGHT ACADEMY | REROOF | \$ 80,000.00 | \$ 90,000.00 | Wood decking / fascia / weight / ponding |
| HANGER F - HANGERS | REROOF | \$ 170,000.00 | \$ 190,000.00 | Wood decking / fascia / weight / ponding |
| AIRPORT OPS/MAINTENANCE | REROOF | \$ 80,000.00 | \$ 100,000.00 | Wood decking / asbestos / ponding |
| CAF | RESTORATION & REPAIRS | \$ 115,000.00 | \$ 130,000.00 | Rust / Skylights |
| BUILDING J. / RAS JETPORT | RESTORATION & REROOF | \$ 220,000.00 | \$ 240,000.00 | Rust / wood decking |
| HANGER L | RESTORATION | \$ 95,000.00 | \$ 110,000.00 | Rust |
| HANGER M | RESTORATION | \$ 90,000.00 | \$ 100,000.00 | |
| HANGER T | RESTORATION | \$ 145,000.00 | \$ 160,000.00 | Skylights |
| HANGER T1 | RESTORATION | \$ 55,000.00 | \$ 65,000.00 | Skylights |
| HANGER W | RESTORATION | \$ 550,000.00 | \$ 610,000.00 | |
| HANGER V | RESTORATION | \$ 425,000.00 | \$ 470,000.00 | |
| | | \$ 3,340,000.00 | \$ 3,720,000.00 | |

The California Department of Transportation Division of Aeronautics (CalTrans) provides an Airport Loan Program with terms up to 17 years at 5.00% interest. Annual debt service will total \$196,520 in year one, equating to \$16,376 per month. Without early paydown, total interest will equal \$1,945,827 over the 17-year life of the loan. After discussion with Airport staff, City Finance staff, and the Chief Financial Officer, it was decided that the needed funds could be most efficiently acquired through the Cal Trans Airport Loan program.

| YEAR | INTEREST | PRINCIPAL | ENDING BALANCE |
|------|--------------|--------------|----------------|
| 1 | \$196,520.01 | \$153,234.52 | \$3,846,765.48 |
| 2 | \$188,680.24 | \$161,074.29 | \$3,685,691.19 |
| 3 | \$180,439.38 | \$169,315.16 | \$3,516,376.03 |
| 4 | \$171,776.89 | \$177,977.64 | \$3,338,398.39 |
| 5 | \$162,671.22 | \$187,083.32 | \$3,151,315.07 |
| 6 | \$153,099.68 | \$196,654.85 | \$2,954,660.22 |
| 7 | \$143,038.44 | \$206,716.09 | \$2,747,944.13 |

| | | | |
|----|--------------|--------------|----------------|
| 8 | \$132,462.46 | \$217,292.08 | \$2,530,652.06 |
| 9 | \$121,345.38 | \$228,409.15 | \$2,302,242.90 |
| 10 | \$109,659.54 | \$240,095.00 | \$2,062,147.91 |
| 11 | \$97,375.82 | \$252,378.71 | \$1,809,769.19 |
| 12 | \$84,463.65 | \$265,290.89 | \$1,544,478.31 |
| 13 | \$70,890.86 | \$278,863.67 | \$1,265,614.64 |
| 14 | \$56,623.67 | \$293,130.87 | \$972,483.77 |
| 15 | \$41,626.53 | \$308,128.00 | \$664,355.77 |
| 16 | \$25,862.12 | \$323,892.41 | \$340,463.36 |
| 17 | \$9,291.17 | \$340,463.36 | \$0.00 |

STRATEGIC PLAN ALIGNMENT:

This CalTrans Airport Loan contributes to Strategic Priority No. 5 *High Performing Government*.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. Community Trust – Securing an airport loan with favorable terms to repair/replace roofs at the airport will support the Airport’s goal of engendering trust with airport tenants and the community.
2. Equity – All roofs at the airport were assessed and all roofs will be repaired in a timely manner with the funds received from this loan.
3. Fiscal Responsibility – This loan will avoid the use of operating funds to repair roofs and allow these roof repairs to be amortized over 17 years.
4. Innovation – Rather than using existing funds or deferring needed maintenance, the Airport is innovatively seeking alternative funding sources, such as the CalTrans Airport Loan.
5. Sustainability and Resiliency – All funds received from the loan will support the airport’s resiliency. Roof repairs will be completed in a sustainably mindful manner.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

Prepared by: Daniel Prather, Airport Manager