



INTERFUND LOAN FROM THE GENERAL FUND INFRASTRUCTURE RESERVE FUND TO THE AIRPORT FUND

Finance Department

City Council Meeting
April 16, 2024

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AIRPORT ENTERPRISE FUND

- As an enterprise fund, the Airport receives no contributions from the City General Fund
- The Airport generates operating revenues through hanger rents, ground leases and concessions.
- The Airport expends operating funds for staff wages, supplies and equipment used in monitoring the safety and security of the airfield and airport buildings.



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AIRPORT BUDGET

- The Airport budget is designed as an operating budget with some funds available for emergency repairs to existing buildings and infrastructure.
- The Airport budget has little available for capital needs, including significant deferred maintenance needs.



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FAA FUNDING SOURCES

- Although the Airport Improvement Program (AIP) grant program, administered by the Federal Aviation Administration (FAA) is available for airports with capital development needs, the movement area (runways and taxiways) are generally prioritized.
- As Riverside Municipal Airport's movement area capital development needs exceed available FAA funding, using FAA funding for deferred building maintenance is not sufficient.



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ROOF ASSESSMENTS

- 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 was approximately \$3.3-\$3.7 million. This includes replacement of roofs on 17 airport buildings. Additionally, the Airport intends to replace hanger doors on each of the two original hangs, with a cost estimate of \$170,000.



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FINANCING OPTIONS

- CalTRANS Loan
 - Total borrowing costs of \$3,015,771
- Interfund Loan
 - Total borrowing costs of \$2,511,200

Fiscal Savings of ~\$504,571



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PROPOSED TRANSACTION

- Interfund Loan from the General Fund Infrastructure Reserve Fund to the Airport Fund
- Principal Not-to-Exceed \$2,000,000
- 12 Year Maturity, with annual payments
- Annual principal payments will equal ~\$170,000
- Without early paydown, total interest will equal \$511,200, with a total fiscal impact of \$2,511,200



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CITY'S HISTORY OF USING INTERFUND LOANS

- The City has historically used interfund loans to fund certain projects when it was more cost effective than borrowing via a traditional method (bond offering or bank loan).
- These borrowings were mostly structured with 3-5 year repayment terms, with exceptions approved by City Management for longer repayment schedules for various reasons.



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CITY'S HISTORY OF USING INTERFUND LOANS

- The City has approved over 82 interfund loans over a period of 37 years, totaling more than \$162.3 million loaned.
- The most recent interfund loan being for the Utilities Plaza for \$4.47 million issued in 2012 with a final maturity date of 2027.
- The City's interfund loan program has supported numerous department's capital improvement projects, including the Airport.



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AIRPORT'S HISTORY OF INTERFUND LOANS

- The following Airport projects were financed by interfund loans:
 - 1991 for Building Repairs and Improvements
 - 1999 for Tarmac Rehabilitation
 - 2007 Terminal Remodel Capital Project and Fire Rescue Truck Purchase
- All the above borrowings have been paid back in full.



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STRATEGIC PLAN ALIGNMENT

This item contributes to Strategic Priority No. 5- High Performing Government and Goal No. 5.4 Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability &
Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the City Council:

1. **Authorize a loan of \$2,000,000 from General Fund Infrastructure Reserves to the Airport Fund for airport capital improvements;**
2. **With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation and interfund transfer from General Fund Infrastructure Reserves to the Airport Fund in the amount of \$2,000,000;**
3. **With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$2,000,000 in the Airport Fund, Capital project accounts; and**
4. **Authorize the City Manager, or his designee, to execute the necessary interfund loan documents.**



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