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| COUNTY OF SONOMA AGENDA ITEM SUMMARY REPORT | Clerk of the Board Use Only Meeting Date Held Until ___/___/___ ___/___/___ Agenda Item No: Agenda Item No: _____ _____ | |
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| Department: Transportation and Public Works | <input type="checkbox"/> 4/5 Vote Required |
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| Contact: Jon Stout | Phone: (707) 565-7243 | Board Date: 06/16/09 | Deadline for Board Action: |
|------------------------------|---------------------------------|--------------------------------|-----------------------------------|

Agenda Short Title:

Charles M. Schulz-Sonoma County Airport Buffer/Safety Zone Property Note Renewal

Requested Board Action:

Approve Resolution authorizing the renewal of a note in the principal amount of \$850,000 used to purchase a buffer/safety zone at the Sonoma County Airport (Fourth Supervisorial District).

| CURRENT FISCAL YEAR FINANCIAL IMPACT | | | |
|---|-----------|--|----------------|
| <u>EXPENDITURES</u> | | <u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u> | |
| Estimated Cost | \$ 16,875 | Contingencies (Fund Name:) | \$ -0- |
| Amount Budgeted 291641-7920 | \$ 16,875 | Unanticipated Revenue (Source:) | \$ -0- |
| Other Avail. Approp (Explain below) | \$ | Other Transfer(s) (Fund Balance) | \$ _____ \$ |
| Additional Requested | \$ -0- | Add'l Funds Requested: | |
| Explanation (if required): Additional interest for renewal year (FY 09-10) on the note. | | | |

Prior Board Action(s): 09/23/08: Resolution No. 08-0830 authorizing the issuance and sale of a note to purchase property; 9/23/08: Resolution No. 08-0829 authorizing the purchase of 1770 Sanders Road, Windsor.

Alternatives - Results of Non-Approval: The Airport would need to pay off the entire note with interest accrued to date by June 30, 2009.

Background:

The Airport is seeking to renew a note used to acquire the 1.41-acre rural residential property located at 1770 Sanders Rd., Windsor, owned by Dennis and Carol Way. Under the current terms, the note is due and payable on June 30, 2009.

The subject property is within the Airport Layout Plan for the Charles M. Schulz-Sonoma County Airport and was identified for acquisition by the County both as a part of the Comprehensive Airport Land Use Plan for Sonoma County and as a part of the Airport Master Plan.

The subject property is strategically important to the Airport for runway approach protection, and in recognition of this strategic importance, the FAA has assigned a high funding priority to the subject real property acquisition.

The purchase price of the subject property was \$765,000 plus \$10,000 administrative settlement. The escrow costs, administrative costs, relocation assistance, and demolition costs added an additional \$85,000 for a total cost of \$860,000. The Airport used \$10,000 from its operating budget and requested total loan amount of \$850,000. The renewal request is for the entire loan amount of \$850,000.

For past land acquisitions the FAA provided funding throughout the purchase process. The FAA has changed their policy and will now only provide reimbursement funding after the purchase is completed. The Department has filed the necessary papers with the FAA, and is currently awaiting approval of the grant funding the reimbursement for the purchase of the property. The Treasury has agreed to purchase the renewed note, and the Airport will pay back the loan when the FAA funds have been received.

LOAN REQUEST

Loan Purpose: Real property acquisition at the Airport
Loan Amount: \$850,000.00
Loan Term: One (1) year, with up to two (2) renewal periods of one (1) year each
Loan Interest Rate: The interest rate earned by funds invested by the Sonoma County Treasurer in his "pooled investment account" as calculated quarterly, plus 0.25 of 1.0 percent Loan Guarantee:
General Fund

(continued on next page)

Attachments: Resolution, Note

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote:

REPAYMENT SOURCE

Principal: FAA (90% to 95%)
Airport Enterprise Fund (5% to 10%)
Accrued Interest: Airport Enterprise Fund (\$16,875 estimated interest in renewal period, FY 09-10)

The acquisition of the subject property and the relocation of the owner-occupants was accomplished in the first quarter of 2009. The Airport has already submitted an application to the FAA for reimbursement of eligible acquisition costs, and it is expected that the FAA would be able to make a determination as to the availability of reimbursement funding in FAA fiscal year October 2008/September 2009.

Previously the FAA pre-funded airport real property acquisitions via a grant process. However, FAA funding for real property acquisitions is now available only on a reimbursement rather than on a direct funding/grant basis; hence this loan request. FAA funding is also contingent upon the appropriate level of environmental review in connection with the property acquisition. The Airport has submitted the appropriate federal environmental documents and is waiting for the FAA to certify those documents. Once the environmental document is approved, then the FAA will submit the project for funding approval.

RISK OF NON-PAYMENT

The risk that the FAA will not have the funding to reimburse the County 90% to 95% of eligible real property acquisition costs within the term of the loan and renewals thereof is quite low. However, to cover this unlikely downside potential, the Department of Transportation and Public Works has pledged its contribution from the General Fund as a guarantee of loan repayment. This pledge requires an internal arrangement between the Department and the Airport Enterprise Fund as to the repayment of the General Fund contribution to the Department. The Airport Enterprise Fund's source of repayment would be from increased revenues associated from the return of commercial air service in the form of Passenger Facility Charges and Parking Revenue. The Airport received a Treasury note for \$1,000,000 in April 2007 for a different parcel and was able to repay the note from FAA grant on July 2, 2008.

Recommendation:

Approve Resolution authorizing the renewal of a note in the principal amount of \$850,000 used to purchase a buffer/safety zone at the Sonoma County Airport (Fourth Supervisorial District).