

AGENDA ITEM SUMMARY

October 21, 2014

City Council

STAFF

Jason Licon, Airport Director
Mike Beckstead, Chief Financial Officer

SUBJECT

First Reading of Ordinance No. 138, 2014, Authorizing the Appropriation of Fiscal Year 2015 Operating and Capital Improvement Funds for the Fort Collins-Loveland Municipal Airport.

EXECUTIVE SUMMARY

The 2015 annual operating budget for the Airport totals \$844,530, and will be funded from Airport operating revenues, contributions from the Cities of Fort Collins and Loveland (\$177,500 from each City), and interest earnings. This Ordinance authorizes the City of Loveland to appropriate the City of Fort Collins contribution, which is a 50% share of the 2015 Airport budget and totals \$422,265.

This Ordinance also appropriates the City's 50% share of capital funds, totaling \$442,500 for the Airport from federal and state grants; contributions from Fort Collins and Loveland; and the Airport General Fund. Most of the 2014 Airport capital funds, totaling \$885,000, will be used to complete major Airport improvements including the second phase of the construction of a snow removal equipment storage facility, and the rehabilitation of roadways.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

In 1963, the City of Fort Collins and the City of Loveland agreed to the establishment of a regional aviation facility and became owners and operators of the Fort Collins-Loveland Municipal Airport, located approximately 16 miles southeast of downtown Fort Collins, just west of Interstate 25 on Earhart Road. The Airport is operated as a joint venture between the City of Fort Collins and the City of Loveland, with each City retaining a 50% ownership interest, sharing equally in policy-making and management, and with each assuming responsibility for 50% of the capital and operating costs associated with the Airport.

The Airport's mission is to provide a safe and efficient air transportation airport facility to the general public and aviation community by providing airport facilities that meet Federal Aviation Administration (FAA) safety standards and to implement a plan that ensures the efficient development of the Airport to meet the needs of the Fort Collins and Loveland communities.

Airport revenues cover operating costs and capital projects. Each city contributes equal funding for Airport operating and capital costs. Airport development and improvement funds are also received, for eligible projects, from the FAA and the Colorado Department of Transportation, Division of Aeronautics.

The annual operating costs for 2015 for the Airport are \$844,530, and the City of Fort Collins contribution is \$177,500. In addition, the Airport Manager is recommending additional capital expenditures and has identified the following funding sources:

FAA Entitlement Grant	\$150,000
State Grant	400,000
Airport Revenues	<u>335,000</u>
Total	\$885,000

The additional capital expenditures will be used to complete major Airport improvement projects, such as the second phase of construction of a snow removal equipment storage facility, and the rehabilitation of roadways estimated at \$885,000. Thus, the City of Fort Collins appropriation for the capital expenditures identified above is \$442,500 (50% of the total). The Fort Collins - Loveland Airport Steering Committee, the Mayors and City Managers from each City, has reviewed and approved these recommendations for the 2015 Airport operational and capital improvement budget at its regularly scheduled meeting on May 22, 2014.

FINANCIAL / ECONOMIC IMPACTS

This Ordinance appropriates the City's 50% share (\$864,765) of the annual appropriation for fiscal year 2015 for the Fort Collins-Loveland Municipal Airport budget. The City of Loveland manages the Airport's budget and finances; however, since the City of Fort Collins owns 50% of the Airport, it is necessary for the City to appropriate its 50% portion of the Airport budget.

ORDINANCE NO. 138, 2014
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AUTHORIZING THE APPROPRIATION OF 2015 FISCAL YEAR
OPERATING AND CAPITAL IMPROVEMENT FUNDS FOR
THE FORT COLLINS-LOVELAND MUNICIPAL AIRPORT

WHEREAS, in 1963, the City of Fort Collins and the City of Loveland (the “Cities”) agreed to establish a regional general aviation facility and became owners and operators of the Fort Collins-Loveland Municipal Airport (the “Airport”); and

WHEREAS, the Airport is operated as a joint venture between the Cities, with each city retaining a 50% ownership interest, sharing equally in policy-making and management, and each assuming responsibility for 50% of the Airport’s capital and operating costs; and

WHEREAS, in accordance with the Intergovernmental Agreement, dated May 16, 2000, between the Cities for joint operation of the Airport (the “IGA”), the Airport Manager is responsible for preparing the Airport’s annual operating budget and submitting it to the Cities for their approval; and

WHEREAS, under the IGA, the City’s share of existing and unanticipated Airport revenue is to be held and disbursed by the City of Loveland as an agent on behalf of the Cities, since the City of Loveland provides finance and accounting services for the Airport; and

WHEREAS, in accordance with Article V, Section 8(b), of the City Charter, any expense or liability entered into by an agent of the City on behalf of the City, shall not be made unless an appropriation for the same has been made by the City Council; and

WHEREAS, the Airport Manager has submitted for City Council consideration a 2015 Airport operating budget totaling \$844,530, of which the City’s share is \$422,265; and

WHEREAS, it is the desire of the City Council to authorize the City of Loveland to appropriate the City’s share of the necessary funds for the Airport’s operating costs, totaling \$422,265, for the fiscal year beginning January 1, 2015, and ending December 31, 2015; and

WHEREAS, the Airport Manager also recommends capital expenditures totaling \$885,000 to complete major Airport improvement projects in 2015, including the rehabilitation of roadways and, the second phase of the construction of a snow removal equipment storage facility; and

WHEREAS, funding for the 2015 capital improvements has been identified as follows:

FAA Entitlement Grant	\$150,000
State Grant	400,000
Airport Revenue	<u>335,000</u>
Total	\$885,000

WHEREAS, the City's 50% share of the 2015 capital improvement costs is \$442,500.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby adopts the 2015 Airport operating budget.

Section 2. That the City Council hereby authorizes the appropriation of FOUR HUNDRED TWENTY-TWO THOUSAND TWO HUNDRED SIXTY-FIVE DOLLARS (\$422,265) to be expended to defray the 2015 operating costs of the Fort Collins-Loveland Municipal Airport.

Section 3. That the City Council hereby authorizes the appropriation of FOUR HUNDRED FORTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$442,500) to be used for 2015 capital improvements at the Fort Collins-Loveland Municipal Airport.

Introduced, considered favorably on first reading, and ordered published this 21st day of October, A.D. 2014, and to be presented for final passage on the 18th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 18th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk