

Mayor and Council Communication

DATE: 10/12/21

M&C FILE NUMBER: M&C 21-0797

LOG NAME: 55AFW ALLIANCE AIRPORT FUTURE PROJECT FUNDING

SUBJECT

(CD 7) Adopt the Attached Appropriation Ordinances for the Reallocation of Appropriations in the Municipal Airport Fund in the amount of \$751,540.14 for Purposes of Transferring to the Alliance Airport Capital Fund in Order to Establish Funding for Future Projects at Alliance Airport

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance reallocating appropriations in the Municipal Airport Fund by decreasing appropriations in Operations and Maintenance category in the amount of \$500,000.00 and increasing appropriations in Transfers and Other category by the same amount for the purpose of transferring to the Alliance Airport Capital Fund; and
 2. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Municipal Airport Fund in the amount of \$251,540.14, from reducing net position, for the purpose of transferring to the Alliance Airport Capital Fund to satisfy the Fiscal Year 2020 revenue requirements.
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DISCUSSION:

On or about December 15, 1993, the City and Alliance Air Services, Inc. entered into City Secretary Contract (CSC) No. 20060, an agreement for the management, operation and maintenance of Fort Worth Alliance Airport, which was subsequently amended pursuant to CSC Nos. 20994 (Amendment No. 1), 21756 (Amendment No. 2), 28547 (Amendment No. 3), 36390 (Amendment No. 4) and 38075 (Amendment No. 5), collectively and as previously amended known as the Agreement. On or about April 24, 1995, Alliance Air Services, Inc. transferred, assigned and conveyed all of its rights, title and interest in and to the Agreement to Alliance Air Management, LTD. (Operator) via CSC No. 20978.

On February 10, 2020, the City and Operator agreed to revise the term provision in the Agreement due to new consideration provided by Operator and entered into CSC No. 20060-A6, which amended the term of the Agreement to begin on February 10, 2020 and expire on December 31, 2050. As part of the Agreement, the Operator agreed to a condition of the Agreement known as FBO Condition. The FBO Condition obligates the Operator to mandatory improvements, which includes a newly constructed 80,000 square foot Fixed Based Operator (FBO) Facility with a minimum investment of thirty million dollars (\$30,000,000.00). Provided that all conditions of the Agreement are met, CSC 20060-A6 may then be renewed for one (1) additional ten (10) year term for a potential extension of the Agreement to expire on December 31, 2060.

In addition to the new term, CSC 20060-A6 revised the Operator's revenue sharing obligations:

January 1, 2020 until the end of the new term and during any renewal term the Airport Revenue Share - City (35%) of all Airport Revenue and Operator (65%) of all Airport Revenue. Of the (35%) Airport Revenue allocated to the City, (10%) will be deposited into a fund to be known as Alliance Airport Capital Fund. Funds in the Alliance Airport Capital Fund shall only be used for (i) capital maintenance on City owned Airport Facilities at Alliance Airport as part of the local (City) contribution for Federal Aviation Administration (FAA) approved airport projects funded by airport improvement program grants; (ii) repair, rebuilding and replacement of the airfield and infrastructure at Alliance Airport which are either (A) set forth on the Capital Budget for Alliance Airport prepared by Operator and approved by the City, or (B) emergency repairs that may be necessary to avoid cessation or disruption of normal operations at Alliance Airport; and/ or (iii) new infrastructure or safety projects at Alliance Airport which are approved by the City including, without limitation, runways, taxiways, aprons, lighting, markings, striping, and navigation aids. Notwithstanding anything to the contrary, Operator shall have no responsibility or obligation for the costs and expenses of capital projects including, without limitation, the costs and expenses of design, engineering, initial construction, capital maintenance, repair, rebuilding or replacement of Airport Facilities.

With regard to the amendment CSC 20060-A6 and obligation to allocate ten percent (10%) of Airport Revenue, staff recommends authorization to reallocate existing FY2021 funds in the Operations and Maintenance budget category to the Transfers and Other budget category by \$500,000.00 and transfer to the Alliance Airport Capital Fund in order to establish funding for future projects at Alliance Airport.

The transfer is necessary because the revenues do not get deposited directly to the Alliance Airport Capital Fund, but are deposited directly into the Aviation operating fund. The use of net position will be used to satisfy the 10% revenue allocation received in FY2020 in the amount of \$251,540.14.

Fort Worth Alliance Airport is located in Council District 7.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in the General Oper & Maint category within the Municipal Airport Fund and upon approval of the above recommendation and adoption of the attached appropriation ordinance, funds will be available in the Municipal Airport Fund in the Transfers & Other category. Prior to an expenditure being incurred, the Aviation Department has the responsibility to validate the availability of funds.

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