



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

2008 MAY -3 PM 3:49

COUNTY OF SANTA BARBARA
CLERK OF THE BOARD OF SUPERVISORS

Department Name: General Services
Department No.: 063
For Agenda Of: May 20, 2008
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Bob Nisbet, Director (560-1011)
Director(s) *Robert Nisbet*
Contact Info: Paddy Langlands, Assistant Director (568-3096)
SUBJECT: Santa Ynez Airport Building Addition – Loan Application Resolution
Santa Ynez, California
3rd Supervisorial District

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: Select Concurrence

Recommended Actions:

That the Board of Supervisors adopt the resolution authorizing the submittal of an application for a state airport loan, and execute a loan agreement with the State of California, Department of Transportation for design and construction of a building addition for immediate use by an existing tenant in the amount of \$450,000.

Summary Text:

The County of Santa Barbara entered into a Lease and Management Agreement with the Santa Ynez Valley Airport Authority (SYVAA) in 1993 to manage the Santa Ynez Valley airport. The SYAA would like obtain a loan in the amount of \$450,000 from a state loan program and this can only be done through the County. The SYAA presented the project to the Debt Advisory Committee (DAC) on March 27th, 2008. The DAC recommended forwarding this to the Board of Supervisors for approval. The construction project proposed by the SYVAA would create 2,460 square feet of new administrative office and training space to replace existing temporary trailers currently leased to the United States Forest Service, and serve to maximize the airport's limited land for aviation purposes. The total cost of the project including design, construction and management is \$531,613. As owner of the Santa Ynez Airport, the County would be the sponsor of the loan per the Debt Advisory Committee's recommendation, and SYVAA would enter into an agreement with the County to guarantee payment of the loan.

Auditor-Controller Concurrence

As to form: Yes

Background:

The County of Santa Barbara (County) is the owner of the Santa Ynez Airport in the Santa Ynez Valley. The Santa Ynez Valley Airport Authority (SYVAA) is a private non-profit public benefit corporation which was founded in 1993 for the sole purpose of leasing, managing and operating the Santa Ynez Airport for the benefit of the County. On May 1, 1993, the County entered into a Lease and Management Agreement with the SYVAA to manage the airport efficiently, competently and economically.

The SYVAA currently has a lease agreement with the United States Forest Service (USFS), Los Padres National Forest to house and support an integrated unit comprised of Helitak 528, Engine 47, associates crews and management. SYVAA and USFS entered into a United States Government Lease for Real Property on May 31, 2002 for the use of certain airport facilities for \$3,500 per month. The original lease was for two years, and a Supplemental Agreement is effective through May 31, 2009. It is the wish of SYVAA and USFS to consolidate the facilities and to enter into a longer term lease agreement.

Current facilities provided to USFS- Los Padres National Forest are a light industrial warehouse for Helitak 528 support and Engine 47 operations, portable trailers for administrative offices/training facilities, and a designated USFS helicopter ramp area. The industrial space and helicopter ramp area currently utilized by the USFS are permanent in nature and meet the long term needs of the USFS fire crews and SYVAA. The current temporary administrative offices/training facilities provided to the USFS are portable trailers leased by SYVAA for the sole purpose of accommodating the USFS. These trailers are located in an area that is identified in SYVAA's adopted Airport Layout / Land Use Plan for future hangars, therefore USFS operations in this area will need to be relocated. SYVAA plans to construct new administrative facilities comprising approximately 2,460 square feet, immediately adjacent to the USFS light industrial warehouse. This relocation and consolidation of USFS operations and infrastructure will serve to: 1) maximize the airport's limited land for aviation purposes; 2) provide a more aesthetically pleasing office complex by constructing a permanent facility that blends with the current airport usages and removing the current trailers that are visible from Highway 246, and; 3) provide the Santa Barbara County's airport with an additional capital asset and SYVAA with additional long term rental income.

The Debt Advisory Committee considered a presentation by SYVAA regarding this construction project on March 27th, and recommended that as owner of the Santa Ynez Airport, the County act as the guarantor of the loan. SYVAA would construct the project, act as Lessor of the USFS lease, and would enter into an agreement with the County to guarantee payment of the loan.

Fiscal and Facilities Impacts:

Budgeted: Yes, by the Santa Ynez Valley Airport Authority.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			\$ 450,000.00
Federal			
Fees			
SY Valley Airport Authority			\$ 81,613.00
Total	\$ -	\$ -	\$ 531,613.00

Narrative:

This project is being funded by the Santa Ynez Valley Airport Authority (SYVAA) through a State loan in the amount of \$450,000, and through SYVAA funds in the amount of \$81,613. The funds will be appropriated to General Services once the State loan has been secured.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

Please send two (2) duplicate original Resolutions and a copy of the Minute Order to Jill Van Wie, GS/Facilities Services Div., Courthouse East Wing

Attachments:

Resolution: (3) originals

State Loan Application cover page: (1) copy

Authored by:

Jill Van Wie, General Services

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF AUTHORIZING THE)
SUBMITTAL OF AN APPLICATION, AND)
EXECUTION OF AN AGREEMENT WITH THE) Resolution No. _____
CALIFORNIA DEPARTMENT OF TRANSPORTATION)
FOR A STATE AIRPORT LOAN)

WHEREAS, the California Department of Transportation, pursuant to the Public Utilities Code section 21602, provides loans for the improvement of operation of airports; and

WHEREAS, the California Department of Transportation requires the Board of Supervisors to adopt a resolution authorizing the submission of an application for a state airport loan;

NOW, THEREFORE BE IT RESOLVED that the Board of Supervisors of the County of Santa Barbara, State of California:

1. Authorizes filing an application for a state airport loan for this project.
2. Authorizes execution of a Loan Agreement for the project.
3. Certifies the County's ability to repay the state loan for this project; and

BE IT FURTHER RESOLVED, that the Board of Supervisors of the County of Santa Barbara does hereby authorize Santa Barbara County Director of General Services, Robert Nisbet, to sign any documents required to apply for and accept these subject funds on behalf of the County of Santa Barbara.

I hereby certify the foregoing resolution was introduced and read at the regular meeting of the County Board of Supervisors of the County of Santa Barbara on the 20th day of May, 2008, and the resolution was duly adopted at said meeting by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

COUNTY OF SANTA BARBARA

By: _____

SALUD CARBAJAL
CHAIR, BOARD OF SUPERVISORS

ATTEST:

By: _____

MICHAEL F. BROWN
CLERK OF THE BOARD

APPROVED AS TO FORM:

By: _____

DANIEL J. WALLACE
INTERIM COUNTY COUNSEL
~~KEVIN E. READY, SR. DEP. COUNTY COUNSEL~~

APPROVED AS TO ACCOUNTING FORM:

By: _____

ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

Revenue Generating Loan – ApplicationDOA-0020 (Rev 01/2005)
(Front)

PLEASE PRINT OR TYPE AND COMPLETE ALL APPLICABLE ITEMS

Part I. Airport Information

PUBLIC ENTITY County of Santa Barbara, General Services Dept.		AIRPORT NAME Santa Ynez Valley Airport	PERMIT NUMBER SB 002
CONTACT NAME Kim Joos		TITLE Project Manager, Santa Ynez Valley Airport Authority	
BUSINESS ADDRESS P.O. Box 1572 Santa Ynez CA 93460		BUSINESS PHONE NUMBER 805-350-1288	

Part II. Project Information

PROJECT DESCRIPTION <small>Attach Additional Sheets if Necessary</small>	TOTAL COST	STATE LOAN	OTHER <small>(Identify)</small>
Construct relocated, administrative space for use by existing tenant, U.S. Forest Service, at the Santa Ynez Valley Airport. The administration building will comprise 2,460 square feet. A Letter of Intent has been signed by the USFS for a 10 year lease agreement for the property. County of Santa Barbara will be the sponsor of the loan. SYVAA will construct project & will enter into an agreement with County to guarantee payment of loan. (See additional sheet "PART II – PROJECT INFORMATION" for a more detailed Project Description.)	\$531,613	\$450,000	\$81,613 (Santa Ynez Valley Airport Authority)

Part III. Required Supporting Documents

Pursuant to Public Utilities Code Section 21602 and Chapter 5 of the CAAP Regulations, submit the following documents with this application:

- Local government approval (*resolution or minute order*) as described in Section 4072.1(a).
- FAA Grant Agreement with FAA and sponsor signatures.
- Verification of full compliance with the California Environmental Quality Act (CEQA) by submitting information to fulfill either 1. or 2. below:
 1. Copy of Notice of Exemption or provide the Categorical Exemption Class # _____ (CEQA Guidelines Sections 15300-15333)
 2. Copy of Notice of Determination or provide the following information:
 - Environmental Impact Report (Title/Date) _____ State Clearinghouse (SCH)# _____ or
 - Negative Declaration (Title/Date) _____ State Clearinghouse (SCH)# _____ or
 - National Environmental Policy Act (NEPA) document (Title/Date) _____
(NEPA documents-Environmental Impact Statement or Finding of No Significant Impact must comply with CEQA provisions)
- 11 x 17-inch Drawing or Airport Layout Plan showing project location(s) and dimensions.
- Completed CAAP Certification (Form DOA-0007), if not submitted to the Division of Aeronautics earlier for this fiscal year.
- Project Feasibility: (1) engineering; (2) economic (complete back of this form); and (3) financial.

Part IV. Authorization

AUTHORIZED OFFICIAL'S SIGNATURE	TITLE
PRINT NAME	DATE

Send completed application and all supporting documents to:

California Department of Transportation
Division of Aeronautics – MS #40
P.O. Box 942874
Sacramento, CA 94274-0001

LIST OF EXHIBITS

Exhibit 1	Board of Supervisor Resolution
Exhibit 2	"Notice of Exemption"
Exhibit 3	Airport Layout Plan
Exhibit 4	CAAP Certifications (Form DOA-0007)
Exhibit 5	Architect Contract (Madjedi Design Mgmt)
Exhibit 6	Floor Plan & Elevations
Exhibit 7	Engineer Preliminary Construction Estimate
Exhibit 8	Current USFS Lease
Exhibit 9	USFS Letter of Intent
Exhibit 10	SYVAA Fiscal Year 2007 Financial Statement

PART II

PROJECT INFORMATION

PROJECT DESCRIPTION DETAIL

The County of Santa Barbara (COUNTY) is the owner of the Santa Ynez Airport in the Santa Ynez Valley. The Santa Ynez Valley Airport Authority (SYVAA) is a private non-profit public benefit corporation which was founded in 1993 for the sole purpose of leasing, managing and operating the Santa Ynez Airport for the benefit of the COUNTY, the community in which the airport is located, and the users thereof. On May 1, 1993, the COUNTY entered into a Lease and Management Agreement with SYVAA to manage the airport efficiently, competently, and economically.

The Santa Ynez Valley Airport Authority (SYVAA) currently has a lease agreement with the United States Forest Service (USFS), Los Padres National Forest (LPNF) to house and support an integrated unit comprised of Helitack 528, Engine 47, associated crews and management. SYVAA and USFS entered into a U.S. Government Lease for Real Property on May 31, 2002 for the use of certain Airport facilities for \$3,500 per month. The original lease was for two years and a Supplemental Agreement has been entered into each year since. The current Supplemental Agreement is effective through May 31, 2009. It is the wish of SYVAA and USFS to consolidate the facilities and to enter into a longer term lease agreement.

Current facilities provided to USFS-LPNF are a light industrial warehouse for Helitack 528 support and Engine 47 operations, portable trailers for administrative offices/training facilities, and a designated USFS helicopter ramp area. The industrial space and helicopter ramp area currently utilized by the USFS are permanent in nature and meet the long term needs of the USFS fire crews and SYVAA. The current temporary administrative offices/training facilities provided to the USFS are portable trailers leased by SYVAA for the sole purpose of accommodating the USFS. These trailers are located in an area that is identified in SYVAA's adopted Airport Layout/Land Use Plan (ALP/LUP) for future hangars, therefore USFS operations in this area will need to be relocated. SYVAA plans to construct new administrative facilities comprising approximately 2,460 square feet, immediately adjacent to the USFS light industrial warehouse. This relocation and consolidation of USFS operations and infrastructure will serve to: 1) maximize the airport's limited land for aviation purposes; 2) provide a more aesthetically pleasing office complex by constructing a permanent facility that blends with the current airport usages and removing the current trailers that are visible from Highway 246, and; 3) provide the Santa Barbara County's airport with an additional capital asset and SYVAA with additional long term rental income.

As the owner of the Santa Ynez Airport, the COUNTY will be the sponsor of the loan. SYVAA will construct the project, will act as Lessor of the USFS lease, and will enter into an agreement with the COUNTY to guarantee payment of the loan.

PART III

REQUIRED SUPPORTING DOCUMENTS

County of Santa Barbara Board of Supervisor Resolution # (See Exhibit 1)

County of Santa Barbara "Notice of Exemption" (See Exhibit 2)

Airport Layout Plan (See Exhibit 3)

CAAP Certification (Form DOA-0007) (See Exhibit 4)

Project Feasibility:

- Engineering Feasibility

- Checklist for Economic Feasibility & Economic Feasibility Detail

- Financial Feasibility

PART III: ENGINEERING FEASIBILITY

Madjedi Design Management has been hired by SYVAA to prepare all construction documents, including architectural, mechanical, and structural drawings. The Preliminary Engineer's Cost Estimate indicates that the cost of the proposed USFS administration building/training facility will be approximately \$531,613. This cost estimate includes all construction, site development costs, general contractor costs, architectural and engineering fees, and a contingency fee of three percent.

The construction of the relocated USFS administration building will consist of 2,460 square feet and will be an addition attached to an existing industrial structure.

Submittals for proof of project feasibility include:

- (1) Signed contract between Santa Ynez Valley Airport Authority and Madjedi Design Management **(See Exhibit '5')**
- (2) Elevations and floor plan **(See Exhibit '6')**
- (3) Engineer's Preliminary Cost Estimate **(See Exhibit '7')**

PART III: ECONOMIC FEASIBILITY

The U.S. Forest Service has been a tenant of Santa Ynez Valley Airport since June 10, 2002. The original lease was for two years and a Supplemental Agreement has been entered into each year since. The current Supplemental Agreement is effective through May 31, 2009. It is the wish of SYVAA and USFS to consolidate their leased facilities and to enter into a longer term lease agreement for the continued use of helicopter ramp space, light industrial space, and administrative offices/training facility. The current lease agreement with the USFS is submitted as Exhibit "8." This U.S. Government Lease for Real Property is for the use of certain airport facilities in the amount of \$3,500 per month. Currently, the expense to accommodate the administration needs of the USFS with leased trailers and temporary power is approximately \$2,960 per month. The USFS pays SYVAA monthly through an electronic payment arrangement and has always been on time for the almost six years of their lease.

The Santa Ynez Valley Airport (SYVAA) has hired an architect to prepare floor plans, elevations, site plan, construction drawings, and a preliminary Engineer's Cost Estimate for the USFS administrative/training facility as detailed within the "Engineering Feasibility" section. The Preliminary Engineer's Cost Estimate indicates that the cost of the proposed USFS administration building/training facility will be approximately \$531,613. This cost estimate includes all construction, site development costs, general contractor costs, architectural and engineering fees, and a contingency fee of three percent.

A Letter Of Intent to lease airport facilities on a long term basis, signed by the USFS is shown as Exhibit "9." It is the intention of SYVAA and the USFS to lease the above mentioned facilities for the annual amount of \$49,200 the first year, with a provision for an annual rental adjustment of 1% per year for a 10 year period.

Table 1 details the revenue generation of the USFS administrative office/training facility over the life of the loan. This Table represents the following: a 17 year loan in the amount of \$450,000 with a 4.7472% interest rate, an annual income beginning at \$49,200, and an annual rental adjustment of 1% per year.

TABLE 1: REVENUE GENERATION FOR USFS LEASE

YEAR	ANNUAL PAYMENT TO CALTRANS			ANNUAL INCOME	ACCUMULATED INCOME/(LOSS)	
	PRINCIPAL (rounded)	INTEREST (rounded)	TOTAL (rounded)		ANNUAL	TOTAL
1	\$17,626	\$21,876	\$39,502	\$49,200	\$9,698	\$ 9,698
2	\$18,483	\$21,019	\$39,502	\$49,692	\$10,190	\$19,888
3	\$19,382	\$20,121	\$39,502	\$50,189	\$10,687	\$ 30,575
4	\$20,324	\$19,179	\$39,502	\$50,691	\$11,189	\$ 41,764
5	\$21,312	\$18,190	\$39,502	\$51,198	\$11,696	\$ 53,460
6	\$22,348	\$17,154	\$39,502	\$51,710	\$12,208	\$ 65,668
7	\$23,434	\$16,068	\$39,502	\$52,227	\$12,725	\$ 78,393
8	\$24,574	\$14,929	\$39,502	\$52,749	\$13,247	\$ 91,640
9	\$25,768	\$13,734	\$39,502	\$53,276	\$13,774	\$ 105,414
10	\$27,021	\$12,482	\$39,502	\$53,809	\$14,307	\$ 119,721
11	\$28,334	\$11,168	\$39,502	\$54,347	\$14,845	\$ 134,566
12	\$29,712	\$9,790	\$39,502	\$54,890	\$15,388	\$ 149,954
13	\$31,156	\$8,346	\$39,502	\$55,439	\$15,937	\$ 165,891
14	\$32,671	\$6,831	\$39,502	\$55,993	\$16,491	\$ 182,382
15	\$34,259	\$5,243	\$39,502	\$56,553	\$17,051	\$ 199,433
16	\$35,925	\$3,578	\$39,502	\$57,119	\$ 17,617	\$ 217,050
17	\$37,671	\$1,831	\$39,502	\$57,690	\$18,188	\$235,238
TOTAL	\$450,000	\$221,540	\$671,540	\$906,772	\$239,029	\$235,238

Ability of Project to Generate Debt Service: The USFS has a track record since 2002 with SYVAA for prompt lease payments. An electronic fund transfer is automatically put into a SYVAA checking account on a monthly basis. SYVAA entered into a Letter Of Intent with the USFS for the purpose of establishing a lease agreement. The terms as agreed upon are a 10 year lease term. The USFS lease agreement will generate a monthly payment the first year of \$4,100, for an annual revenue of \$49,200, with an annual rental adjustment of 1% per year over the course of the lease.

The annual revenue generation beginning at \$49,200 will pay for the annual debt service of \$39,502. The net annual income will be \$9,698 the first year. With a 1% per year increase, the net income in year 10 will be \$14,307.

Due to the presence of USFS aviation operations on the airport, the historic increase in fuel sales created by USFS operations and received by SYVAA is anticipated to continue. This fiscal year has seen a \$150,000 increase in fuel revenue, largely due to federal fires and the USFS presence at Santa Ynez Valley Airport.

Table 2: "Differential Income - Current & Future Net Profits" depicts the current revenue generated from the USFS and the anticipated future income. Current Expenses are derived from the current lease payments for portable trailers and temporary power. Current Income is derived from the current USFS lease agreement. Future Expenses are derived from an anticipated State Loan with a 17 year loan in the amount of \$450,000, and a 4.7472% interest rate. Future Income is derived from an annual income beginning at \$49,200, with an annual rental adjustment of 1% per year

TABLE 2: DIFFERENTIAL INCOME - CURRENT & FUTURE NET PROFITS							
YEAR	CURRENT LEASE (MONTHLY)			FUTURE LEASE (MONTHLY)			DIFFERENTIAL INCOME (MONTHLY--ANNUAL)
	INCOME	EXPENSE	NET PROFIT	INCOME	EXPENSE	NET PROFIT	
1	\$3,500	\$2,960	\$540	\$4,100	\$3,292	\$808	\$268--\$3,216
2	\$3,500	\$2,960	\$540	\$4,141	\$3,292	\$849	\$309--\$3,708
3	\$3,500	\$2,960	\$540	\$4,182	\$3,292	\$890	\$350--\$4,200
4	\$3,500	\$2,960	\$540	\$4,224	\$3,292	\$932	\$392--\$4,704
5	\$3,500	\$2,960	\$540	\$4,267	\$3,292	\$975	\$435--\$5,220
6	\$3,500	\$2,960	\$540	\$4,309	\$3,292	\$1,017	\$477--\$5,724
7	\$3,500	\$2,960	\$540	\$4,352	\$3,292	\$1,060	\$520--\$6,240
8	\$3,500	\$2,960	\$540	\$4,396	\$3,292	\$1,104	\$564--\$6,768
9	\$3,500	\$2,960	\$540	\$4,440	\$3,292	\$1,148	\$608--\$7,296
10	\$3,500	\$2,960	\$540	\$4,484	\$3,292	\$1,192	\$652--\$7,824
11	\$3,500	\$2,960	\$540	\$4,529	\$3,292	\$1,237	\$697--\$8,364
12	\$3,500	\$2,960	\$540	\$4,574	\$3,292	\$1,282	\$742--\$8,904
13	\$3,500	\$2,960	\$540	\$4,620	\$3,292	\$1,328	\$788--\$9,456
14	\$3,500	\$2,960	\$540	\$4,666	\$3,292	\$1,374	\$834--\$10,008
15	\$3,500	\$2,960	\$540	\$4,713	\$3,292	\$1,421	\$881--\$10,572
16	\$3,500	\$2,960	\$540	\$4,760	\$3,292	\$1,468	\$928--\$11,136
17	\$3,500	\$2,960	\$540	\$4,808	\$3,292	\$1,516	\$976--\$11,712

PART III: FINANCIAL FEASIBILITY

Financial Stability of Entity: SYVAA was incorporated March 24, 1993 in the State of California and was created to manage, develop, operate, and maintain the Santa Ynez Valley Airport for the benefit of the County, the Santa Ynez Valley, and the residents and users thereof. SYVAA is a not-for-profit organization exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

SYVAA at this time does not have any outstanding debt service. SYVAA has the funds available to meet its financial responsibility for FAA Grant obligations to the County when appropriate invoices are received.

Although SYVAA does have more than \$600,000 in certificate of deposits and banking accounts, this amount is reserved for required matching funds for future FAA Capital Improvement Grants, equity requirements for future capital improvements indicated on the approved ALP/LUP and unforeseen airport emergency needs. Revenues generated by SYVAA are comprised predominantly from aviation fuel sales, hangar and tie-down rentals, and land leases for privately owned hangars. Accounts receivable are considered collectible. SYVAA Fiscal Year ended June 2007 audited financial statements showed year end unrestricted net assets of \$962,907. A Copy of SYVAA's audited financial statements for Fiscal Year ended June 30, 2007 is shown as Exhibit "10."

As stated within the "Economic Feasibility" section, the USFS has a track record since 2002 with SYVAA for prompt lease payments. SYVAA entered into a Letter Of Intent with the USFS for the purpose of establishing a 10 year term lease agreement. In the highly unlikely event that the USFS should default on its lease agreement for any reason, or does not renew their lease after its ten year term, SYVAA's audited financials establish that it generates revenues sufficient to meet the debt service requirements of the Cal Trans Loan.

However, because the demand is high for light industrial space on airports, SYVAA would seek an aviation related tenant. SYVAA could offer a price per square foot that would be highly competitive. Because the lease rate would be competitive and the demand for aviation industry space is high, it is anticipated that any vacancy created by the departure of the USFS, would be short in duration.

The County of Santa Barbara, as sponsor of the Cal Trans loan, will be fully liable. SYVAA will enter into an agreement with the County to guarantee payment of the loan. The County of Santa Barbara's Resolution (See Exhibit "1") certifies it's ability to repay the loan. As the County's only owned airport, the Santa Ynez Valley Airport is the sole beneficiary of the County Airport Fund, which is restricted to airport support, and currently has approximately \$350,000 of unallocated reserves.

