



Waynesboro City Council Agenda Briefing

Meeting Date:	September 9, 2019	Staff/Council Member(s): City Manager Greg Campbell, Exec. Dir., SHD
Agenda Item #	6	
Resolution#		
Department:	City Manager for Shenandoah Valley Regional Airport	
Subject:	Resolution of Concurrence for Issuance of Debt for Capital Construction and Refurbishment, Corporate Hangers, Fueling Tanks, and Costs of Issuance	

Background: The Shenandoah Valley Regional Airport Commission was created by the Virginia General Assembly for the purpose of operation and development of the Shenandoah Valley Regional Airport (SHD). The Airport Commission consists of the Cities of Waynesboro, Staunton and Harrisonburg as well as the Counties of Augusta and Rockingham. SHD is centrally located to efficiently serve the citizens of all five member jurisdictions.

Shenandoah Valley Regional Airport provides access to the Shenandoah Valley that is critical to the regional economy, supporting business, corporate and leisure travel, institutions of higher education, medical facilities and transportation. SHD is one of only seven commercial service airports (excluding DC Metro airports) in the Commonwealth of Virginia with the necessary infrastructure to support a wide range of aviation needs and services, including the ability to handle large aircraft operations. As such the Airport also meets the highest safety and regulatory standards of the aviation industry.

SHD is a full-service facility offering a wide range of services including commercial airline flights provided by United Airlines/SkyWest to the major hubs of Washington Dulles and Chicago O'Hare. The Airport also provides an impressive range of General Aviation support services to both transient corporate and private aircraft and the nearly 90 based aircraft. The facility is open 24 hours a day, 365 days a year. In an average day the Airport handles approximately 80 aircraft operations with four of those being commercial airline operations. The Airport is host to a variety of aviation-related businesses and services including 3 major rental car brands, Blue Ridge Community College Aviation Training Programs, an Air Care Medevac Helicopter, aircraft maintenance services, flight training, and other aviation support services.

The annual economic impact of SHD as estimated by the Virginia Department of Aviation is approximately 60 million dollars. It is also estimate to support a payroll of approximately \$20 million and the creation of 430 jobs in the community.

The Airport has experienced consistent, impressive growth over the past several decades in business, corporate and general aviation activity and that demand continues to increase. More recently the Airport has also experienced unprecedented growth in commercial airline passenger traffic with the arrival of United Airlines jet service in the spring of 2018.

As part of its mission to provide facilities to meet the growing demand of the communities served, the Airport Commission has authorized several capital projects, namely the construction of new corporate

aircraft facilities and the replacement of the bulk fuel storage tanks which hold Jet fuel and Aviation gasoline. The Commission, after the necessary public hearing, has approved interim and permanent financing for the estimate \$3,086,500 projects. Permanent financing will be provided by the Rural Housing Services of the United States Department of Agriculture.

While the Airport Commission has been successful over the years in securing both Federal and State grant funds to largely support its Capital Program, these projects are mostly ineligible for aviation grants due to their revenue producing nature. Therefore, the Commission plans to finance the costs over time.

These projects are not only critical to the Commission's efforts to accommodate business and corporate aircraft users, but also the Airport's ability to continue to operate the Airport's fuel concession for the benefit of all users, including the airline. During the past fiscal year ending June 30, 2019, the Airport Commission sold 615,884 gallons of combined aviation fuels and collected \$600,675 in rent and hangar fees. The operation of the fuel concession along with the rents associated with providing these facilities and services, are significant sources of revenue for the Airport Commission. These revenues serve to defray the costs of operating the regional facility.

The Commission seeks the concurrence of the elected bodies of its member jurisdictions by adoption of the attached resolution. The indebtedness will be solely borne by the Commission. The City Council's adoption of the requested resolution does not obligate the City of Waynesboro nor does the resolution pledge the faith and credit of taxing power of the City.

City Manager's Recommendation: Adopt the Resolution.

Suggested Motion(s): Move adoption of the resolution for the benefit of the Shenandoah Valley Regional Airport Commission.

Attachments:

Resolution

CITY COUNCIL OF WAYNESBORO, VIRGINIA



RESOLUTION (R19-)

FOR THE BENEFIT OF SHENANDOAH VALLEY REGIONAL AIRPORT COMMISSION

WHEREAS, the Shenandoah Valley Regional Airport Commission (the “Commission”) was duly established pursuant to the Code of Virginia, 1950, as amended, and by resolution and agreement of the several political subdivisions of the Commonwealth of Virginia comprising the Commission, namely the Counties of Augusta and Rockingham and the Cities of Harrisonburg, Staunton and Waynesboro (collectively, the “Member Localities”), to have and exercise, on behalf of such Member Localities, the power and authority to operate the Shenandoah Valley Regional Airport (“SVRA”) located in Augusta County, Virginia; and

WHEREAS, the Commission has determined that it is necessary and desirable to (a) acquire, construct, and equip aircraft hangar facilities at SVRA, (b) install and/or replace all or any portion of the SVRA’s fuel farm tanks, and (c) pay issuance costs in connection with the financings therefor (collectively, the “Project”); and

WHEREAS, the United States of America, acting through Rural Housing Service, an agency of the United States Department of Agriculture (“RHS”), has offered to purchase an up to \$3,086,500 Shenandoah Valley Regional Airport Commission Taxable Airport Revenue Bond, Series 2020 (or any other series designation as may be applicable, the “Bond”) to provide the permanent financing needed by the Commission to pay all or any portion of the costs of the Project on the terms and conditions described in that certain RHS Letter of Conditions, dated September 26, 2018; and

WHEREAS, RHS requires interim financing for the Project and the Commission reasonably expects that long-term, permanent financing for the Project being financed by the Commission on an interim basis with the proceeds of the Note shall ultimately be provided to the Commission by RHS, together with any other lawfully available funds therefor; and

WHEREAS, it is reasonably anticipated that the Commission shall obtain interim financing from Blue Ridge Bank, with the long-term permanent financing for the costs of the Project provided by RHS; and

WHEREAS, after the holding of related public hearings on August 21, 2019, the Commission adopted resolutions authorizing the issuance, execution, and delivery of (a) the \$3,086,500 Shenandoah Valley Regional Airport Commission Taxable Airport Revenue Note, Series 2019 to Blue Ridge Bank for interim financing of the Project, and (b) the \$3,086,500 Shenandoah Valley Regional Airport Commission Taxable Airport Revenue Bond, Series 2020 (or other series designation) to RHS for permanent, long-term financing of the Project; and

WHEREAS, the Commission desires to obtain the approval of each of the governing bodies of its Member Localities with respect to the incurrence of indebtedness to pay the costs of the Project, subject to the Commission’s final determination of the form and details thereof (all such undertakings by the Commission to finance the Project, on an interim or permanent basis, being collectively referenced herein as the “Loans”); and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Waynesboro, Virginia (the “Council”), as follows:

1. The incurrence of the Loans by the Commission, as described herein, is hereby approved and authorized, to the fullest extent as may be required, if at all.

2. It is to be understood that nothing contained in this Resolution is or shall be deemed to be a debt of the City or a pledge of the faith and credit or the taxing power of the City, and nothing herein or therein shall legally bind or obligate the Council or any future Council to appropriate funds for such purposes. The long-term indebtedness of the Commission represented by the Note or the Bond (or otherwise in connection with the Project and the Loans) shall not be deemed to constitute a debt or pledge of the faith and credit of the taxing power of the City, and neither the faith and credit nor the taxing power of the City shall be pledged for the payment of the principal of, premium, if any or interest on the Note or the Bond or any other obligation of the Commission in connection with the Project or the Loans, or any other costs incident thereto.

3. The Mayor, Vice Mayor, and the City Manager, any one or more of whom may act, and such officers, employees, and agents of the City as any of them may designate, are each authorized and directed to take all such further actions and to execute and deliver any and all instruments, certificates, and other documents (if any), in order to carry out the purposes hereof and in furtherance otherwise, of the financing of the Project by the Commission, as described herein.

4. This Resolution shall be effective immediately.

CITY OF WAYNESBORO, VIRGINIA

Mayor