



Castroville Public Meeting – Castroville City Hall
Municipal Airport Hangar Project
August 28, 2020, 2 p.m.

1. Opening & Introductions – David Kirkpatrick, Airport Manager
2. Project Overview – Ernie Gonzalez, EMC Strategy Group, LLC
 - A. Capital improvement needs
 - B. USDA Direct Community Loan Program
 - C. Community support
 - D. Terms
 - E. City obligation
3. Engineering Reports – Chuck Friesenhahn, Trigon Consulting
 - A. Pre-architectural
 - B. Environmental
4. Financial Feasibility Report – Khanh Le, CPA
5. Questions - All
6. Closing – David Kirkpatrick



Castroville Municipal Airport Hangar Project



Project overview

- The Castroville Municipal Airport is seeking assistance through the USDA Office of Rural Development Community Direct Loan Program to support capital expansion of the city's airport.
- The proposed capital expansion project would provide funding to construct a new airport hangar.



Project need

- Currently, the city's airport hangars are at full capacity and we are not meeting the demand.
- Lack of hangars limits the city's airport to grow and attract new airport tenants.
- Hangars serve as an important revenue generator for the airport and the city.



Airport opportunity

- The USDA Office of Rural Development is seeking partnership opportunities with municipal airports to expand aviation infrastructure.
- The USDA Office of Rural Development has invited the Castroville Municipal Airport to participate in the Community Direct Loan Program.



Project support

- The USDA Office of Rural Development
- City Staff
- Community support
- As required by the USDA, the city has initiated an environmental review, pre-architectural report, and financial feasibility report to support the completion of the project. Trigon Consulting has completed these reports.
- EMC Strategy Group is serving as the technical consulting firm for the application process.



Project financial investment

- The USDA is offering a 2.25% 40-year direct loan to complete this project.
- This is the lowest interest rate that the USDA has offered in recent years.
- The USDA requires that the city work with bond council to issue “revenue bonds” to guarantee the loan. Clay Binford is serving at the city’s bond counsel.



Funding project

- Only revenue generated from the airport will cover the costs of the loan.
- The proposed hangar project totals 650,000. This amount includes construction of one hangar, required environmental and architectural, and consulting fees. Monthly payment 1,384.64.
- The revenue, which is projected to be generated from the addition of the hangar will more than cover the terms of the note.



USDA RD Direct Loan Program

- First payment for the loan may be delayed up to 12 months after completion of the project.
- There is no penalty for paying the loan prior to the maturity date.
- This project will generate revenue for the city.



Engineering and Financial reports

- Pre-architectural
- Environmental
- Financial Feasibility Report



USDA RD Direct Loan Program

- There is a hangar shortage throughout the region.
- The city's airport does not have adequate hangars to meet current demand.
- Based on the need, this project poses little to no risk to the city.
- We have received letters of support from Congressman Will Hurd, State Senator Peter Flores, State Representative Andrew Murr, Medina Economic Development Foundation, and Castroville Chamber of Commerce.
- If approved, we expect to complete the formal application and completion of the project this fall.