

**AIRPORT CARES ACT GRANT AGREEMENT AND RENT
ABATEMENTS
EXECUTIVE SUMMARY
MAY 21, 2020 COUNCIL MEETING**

The Airport has been awarded a federal grant under the CARES Act in the amount of \$1,190,517.00. The grant is 100% federally funded, with no local match required. The Airport will have three years to expend funds and the funds can be used for any purpose for which airport revenues can lawfully be used. The Airport plans to utilize the funds as needed to cover shortfalls in revenue and increased operational costs due to the COVID-19 pandemic, as well as provide a small amount of needed relief to aviation based tenants. If additional funds are available beyond what is needed for general operations and maintenance and tenant relief, the Airport plans to complete some deferred purchases and maintenance, such as purchasing new chairs for the terminal lobby and replacing terminal entrance doors.

It is largely unknown at this time what the amount of revenue shortfall for the airport will be over the next three years, but a broad estimate of shortfall for FY'20 is approximately \$190,000. The airport budget cannot absorb such a shortfall without outside assistance, which the CARES Act provides.

Due to the COVID-19 pandemic, air travel has nearly ceased, seeing over 90% reductions across the country. In Pocatello, passenger count for April was down 96% over April of 2019, which means SkyWest revenue was also down 96%. Airport fuel commission revenue decreased 100% in April. Fuel sales is a major and significant source of revenue for AvCenter. Other significant revenue sources, charter service and aircraft maintenance, have also ceased during the pandemic, cutting off revenue. Any revenue and assistance received thus far by both companies has been directed to paying employees, with rents and other operational costs unable to be paid.

During this pandemic, the FAA is allowing rent and fee abatements, but not complete waivers. Thus, the Airport is requested abating all but \$1 per month for SkyWest terminal rents, landing fees and AvCenter facility/property rents for a period of three months.

It is anticipated that the amount of CARES Act funding is more than sufficient to cover the anticipated loss of revenue and possible increased operational costs for the airport for the 3 years during which the funding can be used. With receipt of the CARES funding, the \$31,120.43 in rent abatement being requested will not have an impact on the airport budget.

Obviously commercial passenger service cannot continue without SkyWest. Commercial and general aviation could not continue without AvCenter, who is the only provider of fuel, charter services and aircraft maintenance in Pocatello. The Airport feels that air service (both commercial and general aviation) is an essential service to the community and that it is appropriate to provide assistance, where possible, to ensure that service continues. The CARES act funding allows for us to provide some assistance to ensure available air travel to our community.

Therefore, the Airport is seeking:

- A. Acceptance of the CARES Act grant and authorization for the Mayor to sign the grant agreement.

And if Item A is approved,

- B. Approval of \$31,120.43 of rent and fee abatements for the following airport tenants:
 1. SkyWest Airlines - \$20,789.94 for terminal rents for May, June and July 2020.
 2. SkyWest Airlines – Approximately \$5,005.32 for landing fees for April, May, and June 2020 (April is known to be \$2,029.40, May and June are estimated at \$1,487.96 each based on current schedule).
 3. AvCenter - \$5,325.17 for rent for March, April and May 2020.