

R-22

October 22, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all necessary documents to submit an application to the Federal Aviation Administration for additional Passenger Facility Charges (PFC); and if approved, accept, implement, administer, collect, and expend the additional PFCs related to the Airport Capital Improvement Program, within the existing authorized PFC level per enplaned passenger. (District 5)

DISCUSSION

Federal regulations allow airport sponsors, such as the City of Long Beach, to impose a Passenger Facility Charge (PFC), which is a "per enplaned passenger" fee of up to \$4.50 for expenditure on eligible non-revenue generating airport capital improvements. The fee is charged by the airline at the time of ticket purchase and remitted to the City. The Federal Aviation Administration (FAA) must approve the imposition and use of PFCs through an application process. PFCs are allowed only for approved airport capital project costs that meet the program objectives related to safety, security, capacity, noise mitigation or competition. PFCs are considered to be local charges and are in place at the vast majority of commercial service hub airports.

On May 20, 2003, the City Council authorized the submission of a PFC application to commence the imposition and use of PFCs at the Long Beach Airport (Airport). Since then, several applications have been submitted for Airport capital projects. The PFC was a key funding source for the Terminal Area Modernization Program and continues to be used to pay debt service on outstanding bonds. Most recently, an application was submitted and approved in 2014 to fund improvements to Runway 7L-25R, the Airport apron area, and other airfield infrastructure. The Airport collects PFC revenues of approximately \$8 million annually, based on passenger enplanement activity levels of the Airport.

The Airport proposes to submit an application for the additional projects listed below:

- **Taxiway C Improvements:** The improvements of Taxiway C consist of the reconstruction of approximately 250,000 square feet of taxiway pavement including shoulders. The Taxiway C-L-L4 and Taxiway D-J-J2 intersections will be designed as 3-node intersections to improve pilot situational awareness prior to crossing primary Runway 12-30. Approximately 151,000 square feet of taxiway pavement (including shoulders) will be removed to address complex taxiway geometry and the non-standard

Taxiway J crossing of Runway 12-30 identified in the SE focus area of the Airport. The Airport is requesting PFC funding to reflect the local match requirements associated with the AIP grant funding the project.

- **Taxiway D Rehabilitation between Taxiway B and Taxiway J:** Approximately 500,000 square feet of Taxiway D pavement requires rehabilitation. The mid-section of Taxiway D between Runway 8L-26R and Taxiway J will be milled nine inches and overlaid with Asphalt Concrete (AC) pavement. This pavement area was last reconstructed in 1994. The project includes improvements and modifications to shoulders, adjacent infield areas, pavement markings, lighting, signage, and drainage systems. Resurfacing of the connecting Midfield Engine Runup Pad will also be performed.
- **Aircraft Rescue and Firefighting (ARFF) Replacement Vehicle:** The project includes the purchase of a new and unused Class 5 ARFF vehicle. As a Part 139 certificated airport, the Airport must meet Index C requirements. The Airport currently owns and operates five Index C ARFF vehicles. Two of the vehicles are 24 years or older, and three ARFF vehicles are 11 years or older. This vehicle will replace equipment that has reached the end of its useful life, providing the Airport the continued ability to maintain the standards required of its ARFF index.
- **PFC Planning, Application Preparation and Program Administration:** The Airport currently retains outside consulting services to assist in the preparation of the financial plan associated with PFC revenue projections, and the preparation of application documentation. The consultant also serves in an advisory role for the development of the information necessary for PFC applications. This project includes the preparation services provided for in this and future applications that may be prepared prior to the project completion date. In addition, the project will reimburse the Airport for staff services related to the administration of the PFC program and the tracking of PFC revenue distribution for the duration of the four-year project period.

To date, the FAA has approved the Airport to collect up to \$178,418,777 of PFC revenues through all of the prior applications combined. With approval of the proposed application and amendment, approximately \$6,351,189 of collection authority would be added on for funding the projects mentioned above.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 26, 2019 and by Budget Management Officer Rhutu Amin Gharib on October 7, 2019.

TIMING CONSIDERATIONS

City Council action is requested on October 22, 2019, to avoid delays in funding of Airport capital improvement projects.

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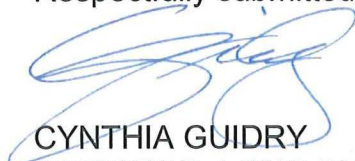
FISCAL IMPACT

PFC revenue collected and held by the Airport is considered restricted until authorization is granted by the FAA for use on eligible projects. PFC revenue collected by the Airport will be deposited in the Airport Fund Group in the Airport Department and accounted for in accordance with federal guidelines. The approval of this recommendation will have a positive impact to the Airport Fund, as \$6,351,189 of PFC revenue would fund projects that would otherwise be funded using other Airport funds. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The projects included in these PFC programs will result in a positive local job impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CYNTHIA GUIDRY
DIRECTOR, LONG BEACH AIRPORT

SICLLBA - PFC Application 2019.rev4

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER