



CITY OF LONG BEACH

LONG BEACH AIRPORT

R-27

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December 15, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all necessary documents to apply to the Federal Aviation Administration (FAA) for new Passenger Facility Charges (PFC), and to accept, implement, administer, collect and expend the new PFCs related to the Airport Capital Improvement Program (CIP), within the existing authorized PFC level of \$4.50 per enplaned passenger. (District 5).

DISCUSSION

Federal regulations allow local airport proprietors to charge 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 Federal Aviation Administration (FAA) must approve the use of PFCs through an application process. PFCs are in place at the majority of commercial service airports.

On May 20, 2003, the City Council authorized the City Manager to administer and execute all necessary documents to collect, accept and expend PFC revenue for City Council-approved Airport capital improvement projects at a \$3.00 per passenger level. This rate was increased to the \$4.50 per passenger level following City Council approval on September 4, 2007. PFC collection, at the new \$4.50 level, resulted in revenue of approximately \$6 million in 2008.

Since the program was implemented in 2003, PFC revenue has been used to fund portions of runway rehabilitations, taxiway reconstruction, security system upgrades, and acquisition of Aircraft Rescue and Fire Fighting vehicles. Future PFC revenue has been approved for additional Airport projects, including air carrier ramp reconstruction, rehabilitation of several taxiways and terminal improvements.

FAA rules allow airports collecting PFCs to amend their program to reflect new project needs and changing cost requirements. The Airport proposes to submit an application for the additional projects listed below:

- **Airfield Pavement and Infrastructure.** Projects include various taxiway and runway improvements funded primarily by existing and future FAA Airport

Improvement Grants. PFC funding would cover the Airport's required contribution to the projects.

- **Airport Fire Station Modifications.** The project consists of gender modification and privacy improvements for Aircraft Rescue and Fire Fighting Station 16.
- **Terminal Area Access Road.** The project includes circulation, safety and pavement improvements to portions of Donald Douglas Drive and Barbara London Drive.
- **Residential Sound Attenuation Program.** Also known as the QuieterHome® Program, the project includes providing sound insulation treatments for 27 homes within the 65-decibel (dB) or greater Community Noise Equivalent Level (CNEL). As part of an industry accepted adjacency protocol, 16 additional residences, immediately adjacent to and sharing a property line with the 27 residences, have been recommended to the FAA to receive treatment as part of the program.

It is estimated that total PFC revenues of \$138,680,009 approved for collection under the existing FAA approved applications will be collected by October 1, 2025. With approval of the proposed application, another \$10,845,000 would be collected by February 1, 2027.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 12, 2009, and Budget and Performance Management Bureau Manager David Wodynski on November 18, 2009.

TIMING CONSIDERATIONS

City Council action on this item is requested on December 15, 2009, to avoid delays in the implementation of the PFC collection for the projects, which include the time-sensitive QuieterHome® Program and the Terminal Area Access Road project, both of which are scheduled to begin construction this fiscal year.

FISCAL IMPACT

In accordance with FAA regulations, the projected end date for the collection period of the proposed application is based on an estimated annual enplanement growth rate of approximately one percent and the assumption that the PFC level will remain at the \$4.50 per passenger level in the future. These assumptions result in estimated PFC program annual collections, including interest earnings, which vary from \$6.6 million during the Fiscal Year 2010 to \$8.0 million in 2027.

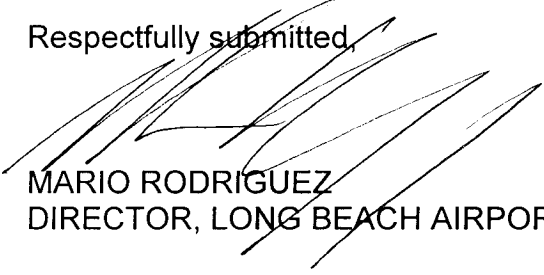
PFC revenue is restricted to projects that are pre-approved by the FAA and are non-revenue generating. PFC revenue will be deposited in the Airport Enterprise Fund (EF 320) in the Airport Department (AP). Appropriations to expend newly collected PFCs beyond budgeted amounts will be requested at a later date.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MARIO RODRIGUEZ
DIRECTOR, LONG BEACH AIRPORT

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APPROVED:



PATRICK H. WEST
CITY MANAGER