



Legislation Details (With Text)

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File created:	4/3/2006	In control:		In control:	City Council
On agenda:	4/18/2006	Final action:		Final action:	4/18/2006
Title:	Recommendation to authorize City Manager to execute all necessary documents to amend the existing Passenger Facility Charge (PFC) program previously approved by the City Council and Federal Aviation Administration (FAA) and to accept, implement, administer, collect and expend a new PFC program related to the Airport Capital Improvement Program (CIP), all within the existing \$3 per enplaned passenger authorized PFC level. (District 5)				
Sponsors:	Public Works				
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Date	Ver.	Action By	Action	Result
4/18/2006	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to execute all necessary documents to amend the existing Passenger Facility Charge (PFC) program previously approved by the City Council and Federal Aviation Administration (FAA) and to accept, implement, administer, collect and expend a new PFC program related to the Airport Capital Improvement Program (CIP), all within the existing \$3 per enplaned passenger authorized PFC level. (District 5)

On January 7, 2003, the Department of Public Works submitted an application to the FAA for authority to implement a \$3.00 PFC as authorized by Title 14, Part 158, of the Code of Federal Regulations, adopted May 22, 1991. On May 20, 2003, City Council authorized the City Manager to administer and execute all the necessary documents to collect, accept and expend PFC revenue for City Council-approved Airport capital improvement projects. Current federal regulations allow local airport proprietors to charge a "per enplaned passenger" fee of up to \$4.50 for expenditure on eligible nonrevenue generating airport capital improvements. PFCs are in place at the majority of commercial service airports. Long Beach Airport requested and was authorized PFCs in the amount of \$3.00 per enplaned passenger, which is collected by the air carriers.

Beginning in August 2003, the Airport PFC collection has resulted in average revenue of approximately \$4.2 million annually.

Since the program was implemented, PFC revenue has been used to fund portions of the Runway 12 -30 rehabilitation, security system upgrades, rehabilitation of several taxiways, airfield road improvements and the acquisition of an Aircraft Rescue and Fire Fighting vehicle (ARFF). FAA rules allow airports collecting PFCs to amend their program to reflect changing cost requirements and project needs.

Increased usage, as well as heavy rains in the winter of 2005, lead to the accelerated deterioration of the airfield pavement, including critical taxiways. Additionally, construction costs have increased dramatically in recent months due to the high cost of construction materials. As a result, the Airport

has reprioritized its capital projects program to ensure that existing key infrastructure is rehabilitated before it deteriorates further. These changes are in the proposed new PFC application. New PFC funding will also be used to provide matching funds for the replacement of two remaining ARFF vehicles, replace security fencing and to purchase passenger boarding ramps to ensure Americans with Disabilities Act (ADA) compliance.

The current PFC level of \$3.00 per enplaned passenger will remain unchanged. To fund this program, the Airport is planning to amend the current PFC program to extend the collection period and submit a new application for airfield infrastructure projects. Additionally, the program will be amended to recover the debt service for those projects that are constructed in advance of PFC collections. Participating air carriers are reimbursed for the costs to administer PFC collections. Effective May 1, 2004, the administrative cost for airlines increased from \$0.08 to \$0.11 per PFC dollar collected.

Under federal law, PFCs can only be used for certain non-revenue producing airport capital projects. It is estimated that total PFC revenues of \$62.3 million under the proposed amendment would be collected by April 30, 2017. Under the new application, another \$8.9 million is estimated to be collected by March 31, 2019.

This matter was reviewed by Deputy City Attorney Everett Glenn on April 5, 2006, and Budget Management Officer David Wodynski on April 7, 2006.

City Council action on this matter is requested on April 18, 2006, to avoid delays in necessary CIP projects.

Based on current passenger projections, it is estimated that approximately \$4.2 million will be received during FY06. PFC revenue is restricted to pre-approved, non-revenue generating projects and will be deposited in the Airport Enterprise Fund (EF320) in the Department of Public Works (PW).

Approve recommendation.

NAME
TITLE

APPROVED:

GERALD R. MILLER
CITY MANAGER