



# CITY OF LONG BEACH

## LONG BEACH AIRPORT

# R-28

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October 5, 2010

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Increase appropriations in the Airport Enterprise Fund (EF 320) in the Airport Department (AP) by \$17,938,251 for grants received from the Federal Aviation Administration (FAA) and Passenger Facility Charges approved by the FAA in fiscal year 2010 for various capital improvement projects. (District 5)

### DISCUSSION

The Long Beach Airport receives grant funds annually from the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP). Entitlement funds are the portion of the AIP funds allocated to the Airport based on the number of passengers enplaned, and are calculated by the FAA using a set formula. Discretionary funds are the portion of AIP funds that are allocated to airports based on need and national priority, as determined by the FAA. Each year, the Airport submits a grant application for entitlement and discretionary funds from the AIP to pay for major airport infrastructure rehabilitation and improvements.

On March 2, 2010, the City Council authorized the City Manager to apply for and accept grant funding for fiscal year 2010. The funding came in two separate grants. The first grant received, Grant No. AIP 3-06-0127-34, executed on March 29, 2010, was for an amount of \$2,221,625, or 50 percent of the Airport's entitlement funding. This first grant was for a portion of the second phase of the Air Carrier Ramp Improvements. The second grant received, Grant No. AIP 3-06-0127-35, executed on August 12, 2010, was for an amount of \$6,721,626. This funding included the balance of the Airport's entitlement funding, plus discretionary funding. This second grant was also for a portion of the second phase of the Air Carrier Ramp Improvements, but also included the improvements to Taxiway G East of Runway 12-30 and the Improvement of Runway Safety Areas for Runway 7L-25R.

The Long Beach Airport also utilizes Passenger Facility Charges (PFC) to fund Capital Improvement Projects. Federal regulations allow local airport proprietors to charge a Passenger Facility Charge (PFC), which is a "per enplaned passenger" fee of up to

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\$4.50 for expenditure on eligible non-revenue generating airport capital improvements. The FAA must approve the use of PFCs through an application process.

On December 15, 2009, the City Council authorized the City Manager to apply for and to accept, implement, administer, collect and expend new PFCs. Application No. 10-05-C-00-LGB, for an amount of \$10,845,000, was recently approved by the FAA on September 2, 2010. The funding included in the application was for the City's five percent share of various airfield projects included in the AIP grant program, plus full funding for the privacy accommodations to Fire Station 16, the Residential Sound Attenuation Program, and the Terminal Area Access Road project.

To utilize these funds, which have now been fully approved by City Council and the FAA, the funds must be appropriated in the Airport Department (AP). The requested increase in appropriation of \$17,938,251 will be funded with \$7,185,751 in FAA AIP grant funds from Grant Nos. AIP 3-06-0127-34 and 3-06-0127-35, and with \$10,752,500 of PFCs.

The appropriation requested does not include the funds for the improvements to Taxiway G. The funding appropriation for the improvements to Taxiway G, which consists of \$1,757,500 in AIP 3-06-0127-35 funds and \$92,500 in PFC funds, has been requested in a separate City Council action for the contract award for the Taxiway G improvements.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 15, 2010, and Budget Management Officer Victoria Bell on September 17, 2010.

#### TIMING CONSIDERATIONS

City Council action on this matter is requested on October 5, 2010, to allow the Airport to utilize the approved grant and PFC funds to reimburse itself, as most of the approved projects were started with Airport capital.

#### FISCAL IMPACT

An increase in appropriation of \$17,938,251 in the Airport Department (AP) Airport Enterprise Fund (EF 320) is required. The \$17,938,251 increase in appropriation will be funded with \$7,185,751 in funds from Federal Aviation Administration Airport Improvement Program (AIP) Grant Nos. 3-06-0127-34 and 3-06-0127-35 and with \$10,752,500 of Passenger Facility Charges.

The projects included in these AIP and PFC programs will create an estimated 500 full-time equivalent (FTE) jobs.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MARIO RODRIGUEZ  
DIRECTOR, LONG BEACH AIRPORT

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S/CL/AIP-34, AIP-35 and PFC Appropriation rev 2.doc

APPROVED:



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PATRICK H. WEST  
CITY MANAGER