

~~**R-23**~~

**R-16**

June 2, 2020

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 (City), 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. Use of PFCs is 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 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. In April 2020, the Airport submitted its 15<sup>th</sup> PFC application to the FAA and was approved in May 2020 to fund improvements to Taxiway C and Taxiway D at the Airport.

The Airport typically collects PFC revenues of approximately \$8 million annually, which are based on annual passenger enplanement activity levels. PFC revenues have been impacted by fluctuations in passenger activity in recent months due to the COVID-19 pandemic. The Airport anticipates collecting approximately \$3.5 million in fiscal year 2020, based on projected passenger enplanements for the fiscal year.

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

- **Checked Baggage Inspection System Facility (CBIS):** The CBIS project will replace the existing 5,000-square-foot Transportation Security Administration (TSA) checked baggage inspection system (CBIS) with a new 7,000-square-foot facility adjacent to the new Ticketing Lobby. The existing facility is not a true inline baggage screening facility and is very labor intensive to operate, as it requires TSA agents to manually lift and move bags that are not cleared by the explosive detection device machines. The new system will be fully inline, increasing processing capacity and enhancing security. PFCs will fund the construction costs not eligible for reimbursement from the TSA funding.
- **Ticketing Lobby:** This project consists of the construction of a new, 16,500-square-foot building to the south of the historic terminal building to house passenger and baggage check-in functions. The Ticketing Lobby will contain approximately 9,000 square feet of public areas, including airline ticket counter, kiosk, queuing, and restroom spaces. Approximately 6,500 square feet of space is provided for airline ticket office and other purposes, with the remainder of the building housing mechanical, electrical, and plumbing space.
- **Baggage Claim Improvements:** This project consists of the replacement of the Airport's existing baggage claim units that are approximately 20 years old and at the end of their useful life. The three existing flatbed baggage claim units will be replaced by two carousels with a sloped-plate design and almost double the capacity of the existing devices. The new devices will increase carousel frontage from 225 linear feet to 380 linear feet, decreasing congestion. The devices will operate in an approximately 11,000-square-foot covered area fully accessible to the public.
- **Meet and Greet Plaza Improvements:** Improvements to the meet and greet plaza consists of hardscape improvements to the approximately 75,000-square-foot existing exterior plaza connecting the curbside, the historic terminal building, the future Ticketing Lobby, the security screening checkpoint and the new baggage claim building. Additionally, a new approximately 4,000-square-foot building will be built to the northwest of the historic terminal building to house public restrooms, airport operations offices, airline baggage service offices, concession, and concession storage space.
- **Taxiway B Construction:** This project consists of the conversion of the closed asphalt Runway 16R-34L pavement to a new asphalt concrete pavement to be designated as Taxiway B. The existing Taxiway B will become part of the existing ramp servicing the fixed base operator (FBO). The project includes the construction of new connectors, demolition of existing runway and taxiway pavements, grading and drainage improvements, and new light emitting diode airfield signage. Additionally, the project will include the relocation of an existing vehicle service road adjacent to the existing ramp to the west of the new Taxiway B. These improvements were recommended by the Airfield Geometry Study to enhance safety by reducing runway incursions.

- **Taxiway L Construction:** This project will reconstruct approximately 4,500 feet of Taxiway L pavement, including the Lakewood Boulevard and Spring Street underpasses, using P-501 Portland cement concrete. Taxiway L is the primary taxiway for all departing commercial aircraft. The project will also include grading and drainage improvements, including the under-drain facilities adjacent to the two underpasses (Lakewood Boulevard and Spring Street tunnels) to alleviate subgrade saturation caused by groundwater buildup. Taxiway L3 will also be relocated off of the Spring Street underpass. This project will preserve safety and capacity by remedying accelerated pavement damage (structural subgrade failure and rutting) presumably due to the limitations of compaction over the Lakewood Boulevard and Spring Street tunnels. It was necessary for the Airport to perform numerous emergency surface repairs to prevent foreign object debris.
- **Aircraft Rescue and Firefighting (ARFF) Replacement Vehicle:** The project includes the purchase of a new 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 approximately 24 years old, and three are approximately 11 years old. 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. The vehicle replacement was intended to be included in the prior PFC application, but due to an extensive documentation process, the vehicle will be included in this application instead.

To date, the FAA has approved the Airport to collect up to \$181,978,071 of PFC revenues through all of the prior applications combined. With approval of the proposed application and amendment, approximately \$64,907,043 of collection authority would be added for funding the projects mentioned above. If any project is canceled, an amendment to the application will be filed with the FAA, and the collection authority related to that project will be canceled.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 1, 2020 and by Revenue Management Officer Geraldine Alejo on May 6, 2020.

#### TIMING CONSIDERATIONS

City Council action is requested on June 2, 2020, to avoid delays in the funding of Airport capital improvement projects.

#### 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 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 Group, as \$64,907,043 of PFC revenue would fund projects that would otherwise be supported using

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other Airport funding sources. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The construction of 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

APPROVED:



THOMAS B. MODICA  
CITY MANAGER