




**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Airport	<b>CEQA:</b> Not a Project, File No. PP17-003, Agreements and Contracts, Services that involve no physical changes to the environment.	<b>Coordination:</b> CAO	<b>Dept. Approval:</b> /s/ John Aitken
<b>Council District(s):</b> Citywide			<b>CMO Approval:</b> 

**SUBJECT: PASSENGER FACILITY CHARGE APPLICATION AMENDMENT**

**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to submit an amendment to the Federal Aviation Administration to increase the City's authority to impose and use Passenger Facility Charges for the Terminal B – North Concourse Project in the amount of \$38,696,000.

**Desired Outcome:** Increase Federal Aviation Administration (FAA) authorization to impose and use Passenger Facility Charges (PFC) revenue for the Terminal B – North Concourse Project.

**BASIS FOR RECOMMENDATION:**

The Aviation Safety and Capacity Expansion Act of 1990 authorizes the FAA to grant airport operators the authority to fund eligible airport capital projects with PFCs. The intent of the legislation was to mitigate the shortfall of federal funds available for airport projects by providing a local funding source. Airports must apply to the FAA for approval before imposing or using PFCs and must meet all requirements included in the PFC legislation and regulations. PFC revenues (currently \$4.50 per enplaned passenger) are collected by the airlines and remitted to the airport imposing the charge. To date, the Airport has approval to impose and use a total of \$919,182,836 in PFC revenue through the legal expiration date of January 1, 2030.

In June 2006, the City adopted Resolution No. 73251 which authorized staff to submit a PFC application to the FAA to impose and use PFCs for the Terminal B – North Concourse Project in the amount of \$495,095,000. This amount, which included financing costs, was for approximately 63% of the estimated costs for the design and construction of the northern concourse of Terminal B.

In or around May 2007, as part of the financing plan for the Terminal Area Improvement Program at the Airport, staff reviewed funding scenarios and determined that the City could reduce the amount of money borrowed if additional PFCs were used to fund this project. Staff consulted with the FAA district office about using more PFCs than authorized and were advised that the PFC regulations allow the City the flexibility to amend the PFC application at a later date to reflect the actual circumstances.

In June 2007, the City received the approval from the FAA to impose and use PFCs in the amount of \$495,095,000 at the collection level of \$4.50 per enplaned passenger.

In June 2008, as part of the budget process, Council appropriated \$38,696,000 of PFC funds for this project, however the amendment to the PFC application was not completed at that time.

Council approval is requested to submit an amendment to the FAA to increase the previously approved PFC application by \$38,696,000, resulting in a total of \$533,791,000 for this project and \$957,878,836 for the Airport's PFC Program.

**COST AND FUNDING SOURCE:**

Passenger Facility Charge revenue will be received in the Passenger Facility Charges Fund and appropriated toward the Terminal B – North Concourse Project for the debt service in future budget processes.

**FOR QUESTIONS CONTACT:** John Aitken, Director of Aviation at (408) 392-3610