



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT:** PASSENGER FACILITY CHARGE  
CLOSEOUT AMENDMENTS

**DATE:** May 29, 2012

Approved

Date

6/6/12

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to submit applications to the Federal Aviation Administration (FAA) and execute amendments to various completed Passenger Facility Charges (PFC) projects as necessary in order to close out approved PFC applications.

## OUTCOME

Approval of the recommended action would allow the City Manager to submit applications to the FAA to amend various completed PFC projects in order to expedite the closeout of the PFC applications and to comply with changes to the PFC regulations.

## BACKGROUND

The Aviation Safety and Capacity Expansion Act of 1990 (Act) authorizes the FAA to grant airport operators the authority to fund eligible airport capital projects with PFC's. 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 PFC's and must meet all requirements included in the PFC legislation and regulations. PFC revenues are collected by the airlines from their passengers and remitted to the airport imposing the charge. The current approved PFC at the Airport is \$4.50.

When the Act was established in 1990, FAA regulations required the amendment of PFC approved amounts only if the total cost of all projects within a PFC application exceeded the total PFC approved amount by more than 15%. As a result, there was no limit on the cost increases to a single project as long as the total costs of all projects within an approved PFC application did not exceed 15% of the approved PFC amount.

### ANALYSIS

On March 23, 2005, a number of changes to the PFC regulations were enacted in an effort to streamline the PFC application and amendment processes. One of the changes is the requirement to amend an approved PFC application if there is an increase or decrease in the level of PFC to be collected for each approved project.

The City currently has the approval from the FAA to impose and use a total of approximately \$1.1 billion in PFC revenue. There are six outstanding PFC applications and each application has from one to several projects. Because of the FAA requirement, an authorization of the City Manager to submit applications to the FAA to amend the completed PFC projects would expedite the closeout process and complies with the changes to the PFC regulations.

### EVALUATION AND FOLLOW UP

Staff will continue to seek Council approval for new PFC applications and or PFC amendments for on-going projects.

### PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action does not meet any of the criteria listed above however this memo will be posted on the City's website for the June 19, 2012 City Council Agenda.

### COORDINATION

This amendment has been coordinated with the City Attorney's Office and the City Budget Office.

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2012

**Subject: Passenger Facility Charge Closeout Amendments**

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**CEQA**

Not a Project, File No. PP10-066(e), Services that involve no physical changes to the environment

/s/

WILLIAM F. SHERRY, A.A.E.

Director of Aviation

Airport Department

For questions please contact William F. Sherry, Director of Aviation, at (408) 392-3610