FAA AIRPORT FINANCIAL ASSISTANCE - UPDATE

Reauthorization
Economic Recovery
Airport Improvement Program
Passenger Facility Charges

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Frank J. San Martin
Manager, Airport Financial Assistance Division
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Airport Financial Assistance - Introduction

• Updates:
  – Reauthorization
    • Current Senate and House Legislation
  – Economic Recovery Program
  – Airport Improvement Program (AIP)
  – Passenger Facility Charges (PFC)
FAA REAUTHORIZATION

Senate Bill - Released July 14, 2009
- Markup expected today, July 21, 2009

AIP
• Two Year Bill – FY2010 and FY2011
• AIP Levels $4.0B in 2010, increasing to $4.1B in FY2011
• Increased 95% federal share retained

PFC
• No increase in PFC level.
• Includes PFC Pilot Program for unlimited PFC level at 6 airports collected by internet or other means not by air carriers.
• PFC reform: FAA authorization to collect and use PFC not required except for intermodal projects. Collection begins when airport files report with FAA and air carriers.
FAA REAUTHORIZATION

House Bill - May 21, 2009

AIP
• Three Year Bill – FY2010 – FY2012
• AIP Levels begin at $4.0B in 2010, increasing to $4.1B in 2011 and $4.2B in FY2012.
• Requires large hubs collecting increased PFC level to forgo 100% of their AIP entitlement funds
• Does not address federal share

PFC
• Includes PFC increase to maximum of $7.00
• Requirements relating to Disadvantaged Business Enterprises (DBE) for AIP funded contracts and airport concession are made applicable to an airport collecting PFC.
FAA REAUTHORIZATION

• Why less than 4 year bill?
  – Commerce Committee Chair Rockefeller: two year bill will give the Administration chance to work out its own aviation program and give the aviation industry some funding certainty.

• What next?
  – Today Senate Commerce Committee supposed to mark up the bill. Thereafter it reports the bill.
  – Senate Finance Committee will need to address how to fund the bill.
  – Senate then votes on passage of the bill.

  – Senate House Conference
    • Fall 2009?
    • Possibly short term extension to authorization until Dec. 2009?
Airport Financial Assistance – Economic Recovery

• **Economic Recovery Program**
  - American Economic Recovery and Reinvestment Act, 2-17-09
  - $48.1 billion to the Department of Transportation
  - $1.1 billion for airport infrastructure
  - The purposes of the law include
    - To preserve and create jobs
    - Promote economic recovery, and
    - Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
  - Federal agencies charged with commencing expenditures and activities as quickly as possible consistent with prudent management.
Airport Financial Assistance – Economic Recovery

- Funds from the General Fund not Trust Fund.

- But the $1.1 billion subject to the requirements of Airport Improvement Program (AIP) discretionary funding.
  
  – All normal AIP grant conditions, certifications and assurances apply. For example: Buy American and Federal wage rate requirements.

- 100% federal share for this program, no local match required for airport grants.
Airport Financial Assistance – Economic Recovery

- TIMELINES:
  - Half of the $1.1 billion or $550 million must be under grant within 120 days of enactment of the Act or by June 16, 2009. [ $720 million was obligated by 7/16/09]
    - The remaining $550 million must be under grant within one year of enactment of the Act, by February 16, 2010
  - Priority to projects that can be completed within 2 years of the date of enactment of the Act, or Feb 17, 2011.
  - Economic recovery funds must supplement and not supplant planned expenditures from airport-generated revenues or from other State and local sources for airport development activities.
Airport Financial Assistance – Economic Recovery

– Reporting Requirements
  • Section 1201(c) Reports - Airports must submit 5 reports to FAA within 90 days (May-09), 180 days (Aug 09), 1 year, 2 years and 3 years after the 2-17-09 date of enactment.
    – The FAA will collect and compile the reports for submission to Congress.
    – Report data includes:
      » Jobs created or sustained,
      » Actual expenditures by each grant recipient from economic recovery funding,

• Section 1512 Reports - required to submit quarterly reports as of October 10, 2009 to FAA that include:
  » the amount of ER funds received and amount expended
  » Detailed list of all projects funded
  » Detailed information on subcontracts by the airport
  » FAA will post on website within 30 days of the end of a quarter.
Airport Financial Assistance – Economic Recovery

- The 1512 report will be completely under the direction of OMB.
- The prime recipients (airport sponsors) will be responsible for the data reported in the 1512, FAA will be responsible for reviewing the data.
- On June 22, OMB issued 40 pgs of guidance on the ARRA section 1512 report. See Recovery.gov, the OMB ARRA website.
- Sponsors must register on www.FederalReporting.gov beginning August 26 in order to be able to file 1512 reports by October 10.
- Airport sponsors must have a D-U-N-S number and be registered in the Central Contractor Registration (CCR) database in order to be able to register on www.FederalReporting.gov beginning August 26 to file the 1512 report by October 10.
Program Update – the Economic Recovery TIGER (Transportation Infrastructure Generating Economic Recovery) News

- As of July 20, FAA has tentatively allocated all $1.1 billion Recovery Act funding for airport grant projects except for amounts available due to low bids. Of that amount over $850 million has been obligated.
- These allocation represent approximately 347 projects of which 264 are underway.
- To date 65% of ARRA funds awarded to primary airports, 4.7% to commercial service airports, 5.7% to relievers, 16.1% to GA, and 8.4% to state block grant states. That is over 30% of ARRA funding has gone to small airports.
Airport Financial Assistance – Economic Recovery

- ARRA also provided $200 million to FAA F&E projects to make improvements to power systems, air traffic control centers, air traffic control towers, terminal radar approach control facilities and navigation and landing equipment.
- As of July 17 approximately $60 million obligated in FAA ARRA Facilities and Equipment projects.

- Further information: FAA Guidance FAA.GOV “Recovery Act and FAA”
Airport Financial Assistance - AIP

• **AIP Program Update**

  • If no FAA Reauthorization by September 30 when present extension of FAA’s AIP authorization expires, Congress will need to issue a new extension.

  • Since the last FAA Reauthorization Act expired in 2007, the AIP program has been extended by Congress in a series of short-term extensions.

  • FY 09 AIP program totaled $3.5 billion.

  • Out of 1895 ($1.83B) AIP grants obligated thus far, 1027 ($567M) were for GA, Relievers, State Block Grant Program or state system plans.
Airport Financial Assistance - AIP

- Split AIP Program in FY 09: Part A $1.5 billion, Part B $2 billion.
  - The short-term extensions have resulted in a record level of unused and returned airport entitlement funding. In FY 2008 totaled $623 million; up 33% from FY 2007.
  - The carryover entitlement funding is made available in the subsequent fiscal year from discretionary funds and therefore reduces the amount of discretionary funding available for other projects.
  - Continuous short-term extensions increase airport sponsor and FAA grant management costs because they increase the number of grants issued.
  - In FY-08, due to the two-program year, FAA issued 500 extra development grants.
Passenger Facility Charges

- 378 locations approved for collection of PFC's (includes 97 of the top 100 airports)
- 1,730 applications approved or partially approved since 1992
- Total approved collections: approximately $70.3 billion
- Locations collecting as of July 1, 2009: 346
- Actual collections from CY92 to CY08: $27.5 billion
- Estimated collections (based on current approvals) for:
  - CY09 - $2.906 billion
  - CY10 - $2.776 billion
- Airports approved to collect at $4.50 PFC level:
  - 252 – small hub, non hub, and commercial service
  - 56 – large and medium hub
Federal Aviation Administration

Passenger Facility Charges

- APPROVED PASSENGER FACILITY CHARGES BY CATEGORIES
- as of June 30, 2009

- AIRSIDE 17%
  - RUNWAYS
  - TAXIWAYS
  - APRONS
  - LAND
  - EQUIPMENT
  - PLANNING
  - LIGHTING

- LANDSIDE 37%
  - TERMINAL
  - LAND
  - SECURITY

- NOISE 5%
  - LAND
  - MULTI-PHASE
  - SOUNDPROOFING
  - MONITORING
  - PLANNING

- ACCESS 8%
  - ROADS
  - RAIL
  - LAND
  - PLANNING

- INTEREST 34%