

## CITY COUNCIL MEMORANDUM

**AGENDA ITEM**

**Passenger Facility Charge (PFC) Application**

**ORIGINATING DEPARTMENT**

**Aviation**

### **BACKGROUND INFORMATION**

14 CFR Part 158 establishes procedures which allow airport sponsors to apply for approval to impose (collect) Passenger Facility Charges (PFC) from enplaned passengers and use those revenues for specific eligible capital improvement projects. PFC revenues may then be used to fund either the full cost of eligible projects or to satisfy the sponsor's match requirement for Airport Improvement Program grants.

### **DISCUSSION/CONCLUSION**

The Aviation Staff began the formal process for a new PFC application on October 15, 2015, with formal notification to the airlines of the City's intent to impose and use PFCs for projects at Killeen-Fort Hood Regional Airport / Robert Gray Army Airfield. A consultation meeting with the airlines was conducted on December 03, 2015; public notice of the City's intent to impose and use PFCs was published in the Killeen Daily Herald and posted on the City's web site inviting comments on the proposal on December 13, 2015. No comments were received as of the end of the comment period on January 13, 2016.

The PFC program is designed to be used on a "pay-as-you-go" basis to make payments on approved projects as the funds are collected; however, the Federal regulation controlling the program does allow the use of PFC funds to reimburse eligible costs that were previously paid from other local funds, within the limits of the specific application approval by FAA.

The proposed new charge effective date is December 1, 2016, with an estimated expiration date of April 01, 2018. The request is to collect a total of \$905,000 at the rate of \$4.50 per enplaned passenger.

Projects intended to be funded either wholly or in part are:

Airport Master Plan Update	\$100,000
Wildlife Hazard Reduction Equipment	\$15,000
Terminal Bldg Improvements-Boarding Bridge Replacement-Ph 1-Prelim Engineering	\$30,000
Airfield Electrical Vault Rehabilitation	\$700,000
Administrative Expenses	\$60,000
Total	\$905,000

City Council approval of this PFC application does not in itself imply approval to proceed with the expenditure of funds on any of the listed projects. Staff will request appropriate City budget approval and/or contract approval as applicable, prior to the initiation of each project. Assuming FAA approval of this application, the amounts indicated above are the maximum amount that

may be expended from PFC funds for each project, unless the application is subsequently amended per 14 CFR Part 158.

### **FISCAL IMPACT**

This PFC application will span approximately one year and four months through April 2018 to collect the proposed amount of \$905,000. The exact time depends upon the number of monthly enplanements at Killeen-Fort Hood Regional Airport. PFC charges are deposited in account number 529-0000-325.05-00 PASSENGER FACILITY CHARGE; the FY 15-16 revenue budget estimate for this account is \$634,773.

### **RECOMMENDATION**

City Council authorize the City Manager to approve the collection of up to \$905,000 in passenger facility charges at the rate of \$4.50 per enplaned passenger and authorize the Executive Director of Aviation to submit the necessary application documents to the FAA to obtain FAA approval for said collection and use.