

FINANCIAL PROGRAMS UPDATE

Presented to: 13th Annual Northwest Mountain
Region Airports Conference

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Federal Aviation
Administration



Major Presentation Topics

- **Airport Improvement Program**
- **Passenger Facility Charge Program**
- **Regional Airport Plan**



Airport Improvement Program

- **Negative Sponsor Trends**
- **Legislative Update**
- **Current Funding Status**



AIP: Negative Sponsor Trends

- **Need to follow 49 CFR Part 18**
 - <http://www.fhwa.dot.gov/hep/49cfr18.htm#sec.18.1>
 - **§18.22 Allowable costs.**
 - a. *Limitation on use of funds.* Grant funds may be used only for:
 2. Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.



AIP: Negative Sponsor Trends

- **Enterprise Activities**
 - Requiring contractor to rent sponsor-purchased facilities and/or equipment
 - Airport buys vehicles and requires contractor to rent them
 - Obtained lab for testing & charging contractor for use
 - Required use of airport personnel for administrative work
- **Use of grant funds to acquire equipment for future sponsor use**
 - Can't spell out all the items desired and then have contractor purchase them to gift to airport after project
 - Contractor purchases rather than rent without doing cost comparison
 - Doesn't matter if the equipment is eligible (e.g. Lab)



AIP: Negative Sponsor Trends

- Need To Provide A Cost Comparison
- §18.36 Procurement.
 - a. *Procurement Standards.*
 4. Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- FAA must still determine what is most advantageous to the government
- These activities limit competition

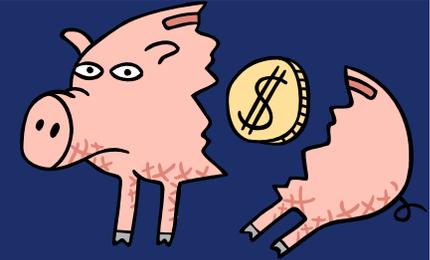


AIP: Legislative Update

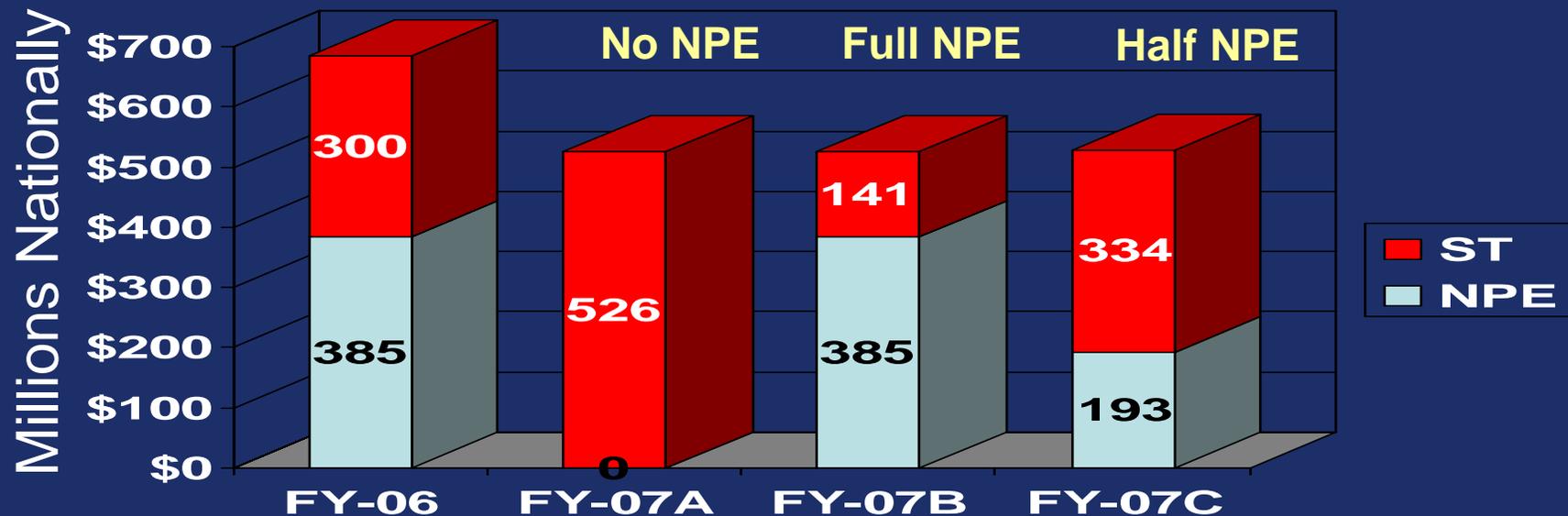
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AIP: Legislative Update



- \$2.75B = 22.55% reduction over FY 2006
- Impacts to be addressed:
 - No double entitlements
 - Minimum entitlement being \$650K not \$1M
 - Elimination of NPE (56.2% in FY-06)
 - Reduction in discretionary funds after set-asides



AIP: Current Funding Status

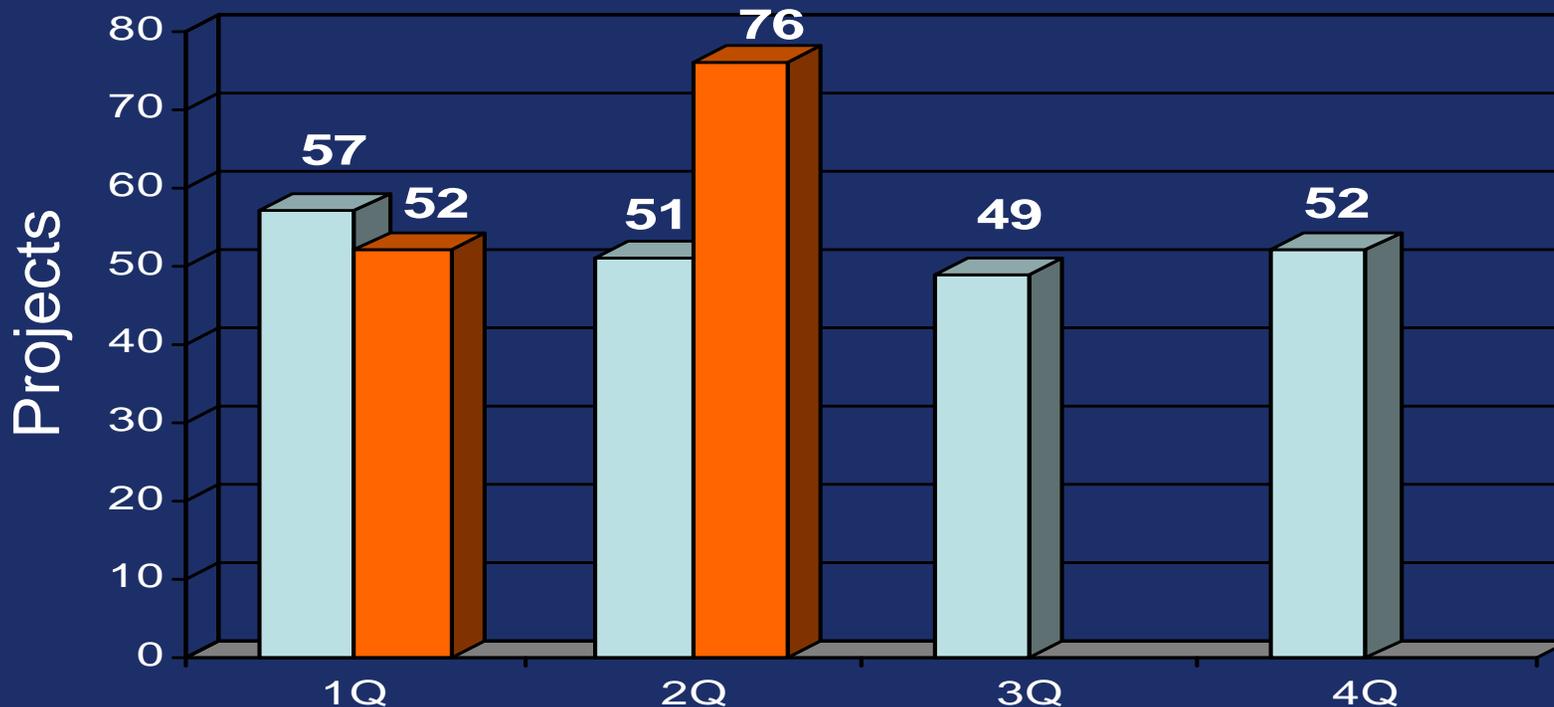


- FAA Transition To Performance & Outcomes
 - Not counting widgets (grants) but focusing on what is accomplished
- Goals pertain to the efficient use of Federal resources
 - Closeout goal: don't want funds tied up in grants where the work is complete but administrative action is needed
 - Inactive goal (18 months no payments): don't want money lying around
 - Based on bid: reduction of amendments, matching dollars and projects

AIP: Close-Out Information



- Only 19 old grants (2002 and prior) are open. Have closed 14 already (42.4%).
- As of 3/27/06, ANM has closed 127 projects for FY-06. That is 61.2% of the plan (209).



AIP: FY-06 Programming



- **To date, 161 of the planned 242 projects have been programmed**
- **FY-05 was \$328M program with 225 projects**
- **Meeting our based on bid goal of 90% (8 of 8)**

Entitlements/Apportionments	\$169,814,728
FY-05/2006 Carryover:	\$40,402,979
Discretionary to Date:	\$116,045,781
FY-06/2007 Carryover:	\$0
Total Program/Obligating Authority:	\$326,263,488

New Projects:	\$213,949,141
MY Amendments:	\$13,406,346
Amendments:	\$1,278,475
Region Total:	\$228,633,962
Accomplishment (% total program):	70.08%

Passenger Facility Charge Program

- **National PFC Database**
- **Notice of Proposed Rulemaking**
- **Detailed Cost Estimates**
- **Non-hub Pilot Program and other recent changes**
- **Tools & Tips To Make Managing Your Program Easier**





PFC: National Database

- **Launched internally at the start of October 2005.**
- **Includes PFC decisions, amendments, and changes to the duration of collection**
- **Also tracks information required in public agency quarterly reports such as:**
 - Collections and interest earned,
 - Project implementation and completion dates, and
 - Project disbursements

PFC: Monitoring Features



- **System will allow the FAA (and soon public agencies) to more easily monitor required actions with respect to**
 - Project implementation
 - Duration of collection
 - Timing of new applications

PFC: Public Agency Access

- Coming late spring or early summer 2006
- Web access
- Each public agency will be able to request a user name and password to gain access to specific data
 - Current ANM users are not grandfathered in
- Access to input quarterly report data and produce reports from that data



PFC: Air Carrier Access

- **Plan is to have air carriers input their quarterly report data into the system**
- **Not yet funded, designed or developed**
- **Public agencies participating in the system would be able to get air carrier reports applicable to their airport(s)**



PFC: Advantages for Public Agencies and Air Carriers

- Allow real time review of FAA, public agency and air carrier data
- The latest PFC NPRM includes a proposal that would remove the requirement to mail quarterly reports to air carriers, public agencies, and the FAA for those public agencies and air carriers that participate in the system.



PFC: 2nd Notice of Proposed Rulemaking

- **Published February 1, 2006 (pages 5188 – 5200)**
- **Comment period closed April 3rd**
- **Broken into 3 subsections**
 - Changes mandated by Vision 100
 - Changes associated with technological improvements
 - Changes to streamline PFC procedures, codify PFC policies, or address issues or questions about the PFC program



PFC: Vision 100 changes

- **Low-emission airport vehicles and ground support equipment**
- **Use of PFCs to pay debt service on non-eligible projects**
- **Applicability of PFCs to military charters**
- **Financial management of PFCs**
- **Cost sharing of air traffic modernization projects**



PFC: Procedural Changes Due to Technological Improvements

- Collection of PFCs on electronic or paperless tickets
- Use of electronic mail to send documents
- Use of web sites to post information



PFC: Streamlining, Policies, Etc.

- **PFC administrative costs**
- Charge effective date
- **Threshold for amendments requiring additional consultation and public notice**
- 30 day notice to start collections
- Nonrefundable tickets
- Tickets for wholly domestic travel
- Process for periodically reviewing carrier compensation rate
- Change date when large/medium forecast is due



PFC: Detailed Cost Estimates

- **Background**
- **Cost estimate requirement**
 - Not applicable to non-hub pilot program requests
 - Projects with a PFC value of \$5 million or greater
- **FAA process**
- **Changes to the Final Agency Decision**
- **Changes to the Attachment B instructions and form**



PFC: Recent Program Changes

	<u>Large/Medium/ Small Hubs</u>	<u>Non Hub & CS Airports (NHPP)</u>	<u>Comments</u>
Airport Submittal & Decision Type	<ul style="list-style-type: none"> •Application •Final Agency Decision (FAD) 	<ul style="list-style-type: none"> •Notice of Intent •Acknowledgement Letter 	<ul style="list-style-type: none"> •NHPP - Limited information required if Project is in <u>accepted</u> AIP Grant •No attachment b
Public Notice	<u>Airport</u> Publishes in Newspaper, web or other acceptable method		
Carrier Consultation	Significant Business Interest		1) Scheduled Service, or 2) 1% of Enplanements, or 3) 25,000 Enplanements
Carrier Notice	30 – 45 days		Unchanged
Collection Notice	60 days, but 2 nd FR proposes 30 days	30 days	
Federal Register	Limited*	None	* Intermodal, controversial, precedent setting



PFC: Recent Changes cont...

	<u>Large/Medium/ Small Hubs</u>	<u>Non Hub & CS Airports (NHPP)</u>	<u>Comments</u>
Amendment Consultation Threshold	<ol style="list-style-type: none"> 1) Scope change 2) Increase in approved PFC Level 3) Increase PFC funding by more than 25% over <u>original</u> approved amount 		<ol style="list-style-type: none"> 1) Same for all airports 2) If consultation is required, public notice is required 3) 2nd FR establishes amendment threshold for projects of \$1M
Decision Time	30 days from amendment receipt		FAA must issue a decision. An FAA non-response is not approval of the amendment.



PFC: Opportunities & Challenges

- **Opportunities**

- Think Overall Development Objective
 - Extend Runway Project (include all components)
- Group Similar Projects
 - Multiple Taxiway Rehabilitations (may be separated by time, space or multiple grants)
- Matching application duration with collections (optimal for PayGo)
- Cash Flow Analysis for Long-Term/Bond Financed Applications

- **Challenges**

- Revenue Management → Expiration Date(s)
- Multiple Charge Expiration Dates
- Quarterly Reports (Starting amounts same as previous cumulative amount)



PFC: Management Tips & Tools

- **Amendments should be easy**
 - We know what's approved, just tell us the change
 - Provide a brief explanation why the change
 - Bids, additional environmental mitigation, etc..
 - Consult with FAA early
 - Ask for a application summary status report (we hope to get this on the web for download)
 - Make pen & ink changes and submit FAA Form 5500.1
 - Clearly identify public notice date
 - Identify new charge expiration date



PFC: Management Tips & Tools

SOAR - MetaFrame Presentation Server Client [SpeedScreen On]

PFC Application Report - Microsoft Internet Explorer provided by Titan Citrix MetaFrame Servers

Address: http://172.27.132.179/reports/report_request.cfm?CFID=187581&CFTOKEN=49278792&link=14

Applications Summary Report

Current Program

GJT	Walker Field	Grand Junction, CO
NM/DEN	P (N)	City Gr.Junc./Co.Mesa/Walker Fld.Pub.AirportAuth.

Selection Criteria: Region: NM, State: CO, LOCID: GJT, Application: 06-07-C-00-GJT

Application	App Rec'd Dt	App Apprv Dt	App Status	Apprv Coll	Apprv Use	Legal Chg Eff Dt	Calc Chg Eff Dt	Legal Chg Exp Dt	Calc Chg Exp Dt
06-07-C-00-GJT	02/27/2006	03/22/2006	AK	6,355,297	6,355,29	09/01/2006		08/01/2019	

Projects

Proj Nbr	Amd Nbr	PA Title	St	Ty	Work Code	Apprv Coll Amt				Disbursements	Phy Start Dt	Phy Comp Dt	Finan Comp Dt	Use App	Use Amd Nbr	
						Pay-as-you-go	Bond Capital	Financing & Interest	PFC Total							
07-001		Baggage Carousel Replacement	AK	C	TE IM	300,000	0	0	300,000		01/01/2006	A	12/01/2007	E		
07-002		Baggage Belt Improvements & Associated Ticketing Renovations	AK	C	TE IM	300,000	0	0	300,000		01/01/2007	E	12/01/2007	E		
07-003		Airport Access Road Reconstruction	AK	C	GT AC	0	4,000,000	1,725,297	5,725,297		01/01/2008	E	12/01/2009	E		
07-004		PFC Application & Administration Fees	AK	C	FI AD	30,000	0	0	30,000		01/01/2005	A	10/01/2006	E		

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- This is a sample
- The area of possible change is highlighted

PFC: Management Tips & Tools

- **Applications made easy – for NHPP**
- **Recommend Use of Nonhub worksheet**
 - On ANM website (address on last slide)
 - Front page is set up for posting on web to meet public notice requirement
 - Consult with FAA if you have questions
- **Check PFC national database often to monitor collections and calculated charge expiration dates**
 - Determine whether you will need: 1) an amendment; 2) a new application; or 3) a change in charge date [43c]



PFC: Management Tips & Tools

http://www.faa.gov/airports_airtraffic/airports/regional_guidance/northwest_mountain/airports_r - Microsoft Internet Explorer p

File Edit View Insert Format Tools Data Go To Favorites Help

Back Search Favorites

Address http://www.faa.gov/airports_airtraffic/airports/regional_guidance/northwest_mountain/airports_resources/forms/media/passenger_facility_charge/nh_notice_worksheet.x

Nonhub PFC Notice of Intent

Fill in all shaded areas, and break projects into major components.

Public Agency: City of XYZ
 Location: Big City, WA
 Impose Airport: XYZ Municipal
 Use Airport(s): XYZ Municipal, PDQ Muni
 Requested PFC Level: \$4.50

Public Notice Date: 5/1/2005
 Carrier Notice Date: 5/1/2005
 Carrier Consultation Meeting Date: 6/1/2005
 Proposed Charge Effective Date: 10/1/2005
 Proposed Charge Expiration Date: 7/1/2009

Pr j	Project Title	PFC Revenue Requested			Total PFC	Total Project Cost	AIP Funds	Gran t No.	Project Type	PFC Objective
		Pay-as-you-go	Bond Capital	Financing						
1	Extend Runway 18/36 south 1,000'	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ 7,000,000	Yes	17-04	Concurrent	Enhance Capacity
2	Reconstruct Terminal A	\$ 1,000,000	\$ 2,200,000	\$ 4,000,000	\$ 7,200,000	\$ 7,200,000	No		Concurrent	Preserve Capacity
3	Extend taxiway A south 1,000'	\$ 350,000			\$ 350,000	\$ 3,500,000	Yes	17-04	Concurrent	Enhance Capacity
4	Rehabilitate general aviation apron	\$ 500,000			\$ 500,000	\$ 500,000	No		Impose Only	Preserve Capacity
5					\$ -		Select		Select	Select Objective
6					\$ -		Select		Select	Select Objective
7					\$ -		Select		Select	Select Objective
8					\$ -		Select		Select	Select Objective
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25					\$ -		Select		Select	Select Objective
26					\$ -		Select		Select	Select Objective
27					\$ -		Select		Select	Select Objective
28					\$ -		Select		Select	Select Objective
29					\$ -		Select		Select	Select Objective
30	Notice Total:	\$2,050,000	\$2,200,000	\$4,000,000	\$ 8,250,000					

Summary Information / Project Description / Disagreement / Non-AIP Justification

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Regional Airport Plan (RAP)

- **Hot off the presses**
- **Much progress in our initiatives**
 - RSA, LOS, access roads, parallel taxiways
- **Progress in newer initiatives**
 - Localizer performance w/vertical guidance (LPV)
 - ASR pavement surveys completed
 - Upgrading facilities for business jet activities
- **Thanks for your support in our efforts to carry-out our initiatives**



QUESTIONS

FAA Website:
www.faa.gov

Regional Airports Website:
www.faa.gov/airports_airtraffic/airports/regional_guidance/northwest_mountain/



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