

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: April 20, 2015

TO: Honorable Members of the Rules, Elections and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 15-0002-S30
Assignment No. 15-04-0269

SUBJECT: Resolution (Bonin-O'Farrell) To SUPPORT Legislation or Administrative Action That Would Authorize the Federal Aviation Administration to Increase the Cap on the Passenger Facility Charge.

CLA RECOMMENDATION:

Adopt Resolution (Bonin-O'Farrell) to include in the City's 2015-2016 Federal Legislative Program, SUPPORT for legislation or administrative action authorizing the Federal Aviation Administration (FAA) to increase the statutory cap on the Passenger Facility Charge (PFC) so as to allow local governments to build the airport infrastructure needed in each community.

SUMMARY

Resolution (Bonin-O'Farrell), introduced March 31, 2015, identifies a potential funding source for capital improvements at Los Angeles World Airports if included in federal legislation to authorize the increase in the statutory cap on the Passenger Facility Charge. The PFC is a user fee charged to all departing passengers. This increase in funding would allow for important investments, at the local level, in airport modernization and capital improvements. The FAA capped the PFC 15 years ago, and it is currently at \$4.50 per departing passenger. The Resolution advises that by the FAA allowing an increase in the Passenger Facility Charge the additional resources would be available to build airport modernization projects in Los Angeles and throughout the US. The Resolution (Bonin-O'Farrell), therefore requests that the City support legislation or an administrative action authorizing the FAA to increase the statutory cap placed on the PFC.

BACKGROUND

The Los Angeles World Airports (LAWA) is in the midst of a capital improvement program to modernize the airports, which are critical to attracting international travelers, and expanding opportunities for local businesses and job creation. The PFC was capped at \$4.50 in 2000, however, those dollars are stretched even further because of the impact of inflation and post 9/11 security measures, as well as aging infrastructure. In addition, air travel in the US is projected, by

the FAA, to nearly double over the next 20 years. Many airports around the country are in need of major upgrades and modernization to meet demand and attract future travel business.

Specifically, at LAX, there are plans to improve terminals and ground access transportation through the Landside Access Modernization Program (LAMP). The focal point of LAMP is an Automated People Mover, which is designed to link the Metro Crenshaw and Green Lines, a Consolidated Rental Car Facility, municipal bus lines, commercial shuttles, and new public parking facilities to the Central Terminal Area. The projected cost is estimated at up to \$2 billion. There is an existing gap in financing the project that could be addressed by funds raised with an increase to the PFC. This project will dramatically reduce traffic congestion in and around the airport giving travelers a more efficient and enjoyable experience.

Increasing the PFC cap does not raise any costs for the federal budget because these are fees paid by the actual users of the infrastructure, which is the departing passenger. The increase would allow local governments the option of raising billions of dollars for needed airport projects.

DEPARTMENTS NOTIFIED

Los Angeles World Airports did not provide an official response to the Resolution.



Blayne Sutton-Wills
Analyst

Attachment: 1. Resolution (Bonin-O'Farrell)

SMT:BSW:bsw

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Congress will soon be acting on legislation to reauthorize the Federal Aviation Administration (FAA) and this Nation's aviation infrastructure programs; and

WHEREAS, federal statute has for over 15 years capped the Passenger Facility Charge (PFC), a local user fee that may be collected by airports to invest in vital airport modernization projects; and

WHEREAS, modern airports are critical to our ability to attract international travelers, expand opportunities for American businesses and create jobs in our cities and states in an increasingly globalized economy; and

WHEREAS, air travel in the United States is projected to nearly double over the next 20 years, while FAA forecasts an annual \$2.2 billion shortfall to pay for the airport improvements needed to handle this growing traffic; and

WHEREAS, Congress last adjusted the federal cap on the local airport user fee to \$4.50 per departing passenger. Since that time, post-9/11 security needs, aging infrastructure, 15 years of inflation and record passenger numbers are stretching airport resources. The PFC now has about half the purchasing power that it did in 2000, while infrastructure needs are greater than ever. In 2014, the Skytrax survey of the world's airports found not one American airport listed among the world's 25 top rated; and

WHEREAS, lifting the PFC cap does not raise any costs for the federal budget, but it allows local government the option to raise billions of dollars for needed airport projects; and

WHEREAS, these billions of additional dollars will create tens of thousands of jobs across the country, spurring the construction, aviation and travel industries; and

WHEREAS, any airport that collects PFCs uses these fees based on local priorities to expand capacity, reduce travel delays and lines, and build modern infrastructure to support long term economic growth; and

WHEREAS, at Los Angeles International Airport, a PFC increase will be used to fund an Automated People Mover, a key component of the future ground transportation system that will link the Metro Crenshaw and Green Lines, the Consolidated Rental Car Facility, municipal bus lines, other commercial shuttles, and new public parking facilities to the Central Terminal Area. This project is vital for reducing vehicular congestion around the airport and transforming LAX into a world class gateway that our City deserves;

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NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this resolution, the City of Los Angeles hereby includes in its 2015-16 Federal Legislative Program SUPPORT for any legislative or administrative action that would authorize the Federal Aviation Administration to increase the statutory cap on the Passenger Facility Charge so as to allow local governments to build the airport infrastructure needed in each community.

PRESENTED BY: 
MIKE BONIN
Councilmember, 11th District

SECONDED BY: 

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