



City of Santa Barbara
Airport Department

Meeting 7/20/22
Agenda Item No. 09

DATE: July 20, 2022
TO: Airport Commission
FROM:  Brian D'Amour, Interim Airport Director
SUBJECT: Approve Amendment To Passenger Facility Charge Application

RECOMMENDATION

That Airport Commission recommend to City Council that the Airport Director submit an amendment to Passenger Facility Charge (PFC) Application No. 7, continuing the \$4.50 PFC fee, for an increase of \$9,942,996 from the original application amount of \$19,945,000 to \$29,887,996 to include the interest portion of the debt service for the Airline Terminal Improvement Project as part of the construction of the John T. Rickard Airline Terminal Project completed in June 2011.

DISCUSSION:

Background

In 1990, the Department of Transportation, Federal Aviation Administration (FAA) established the Passenger Facility Charge (PFC) Program. The PFC allows commercial airports controlled by public agencies to collect fees for every eligible enplaned (outbound) passenger. The PFC fee is assessed on airline tickets for up to the first two segments of travel, each way. The airlines collect the PFC, retain an administrative fee of \$0.11 per fee, and remit the remainder to the Airport on a monthly basis. PFC revenue can only be used on eligible airport-related capital improvement projects.

The FAA has approved a total collection of \$36,388,365 for the seven PFC applications for the Santa Barbara Airport since 1997. In August 2003, the PFC fee for Santa Barbara Airport was increased from \$3 to \$4.50

Reason for this amendment:

The Airline Terminal Improvement Program involved new construction of the John T. Rickard Airline Terminal and the rehabilitation of the historic Earle Ovington Terminal.

In 2009, the Airport issued debt to fund the Airline Terminal Improvement Project (along with PFC Application 09-07-C-00-SBA, AIP grants, and local funds). The debt was divided into two Series: 2009 PFC Related Bonds and 2009 Revenue Bonds. The PFC

application did not include PFC-eligible interest on the bonds with the understanding, at the time, that the bonds would be refunded within ten years and the PFC application would be amended to include interest expense. Both series were refunded with the Refunding Revenue Bonds, Series 2019 (PFC) and Refunding Revenue Bonds, Series 2019.

The Airport is requesting to use PFC revenue to pay \$9,942,996 of PFC-eligible interest (total interest less capitalized interest) that was previously excluded from Application 09-07-C-00-SBA, accounting for the reduction in interest due to the refunding.

PREPARED BY: Jonathan Abad, Airport Business Manager