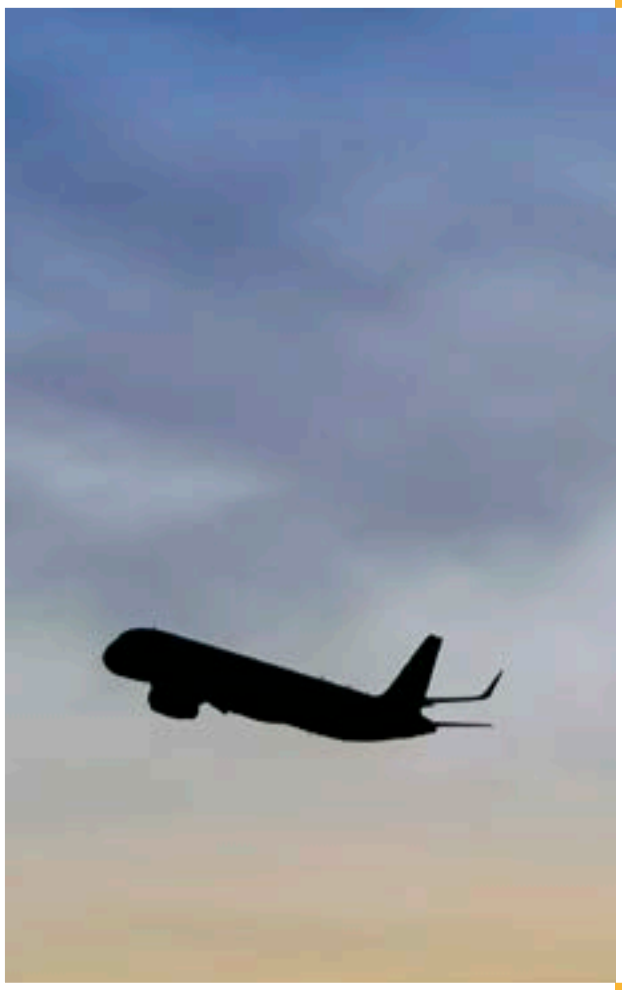


CAC

CALIFORNIA AIRPORTS COUNCIL

Airport Financing Report

December 2018

FOREWORD

The Second Edition of the Airport Financing, Bonds and Passenger Facility Charge Rates at California Airports, provides an updated outlook at the outstanding value of construction projects financed by bonds and the Passenger Facility Charge (PFCs) in California. This report is organized to demonstrate the financial impact of modernizing facilities to meet growing demand while maintaining safety, security, and efficiency.

PFC funds have supported airside projects, terminal area projects, interest costs on airport bonds, access projects such as roadways, people movers or transit projects, and noise mitigation projects. PFCs have been used to construct new runways and other airfield improvements to significantly reduce delays at some of the most congested airports[1].

Since the 2015 report, two rural airports have relinquished their Part 139 certification from the Federal Aviation Administration, which permits commercial operations, due to inability to attract and sustain airline service. Of the remaining 31 commercial service airports in California, 15 participated in a questionnaire regarding projects financed with bonds and future capital infrastructure needs. The CAC also supplemented this information with data on passenger growth, air carrier growth (only includes operations by aircraft with 60 or more seats), PFC commitment, and indebtedness of the airports. Statistics were collected by the CAC from the Federal Aviation Administration's (FAA) July 2017 Form 5100-127 Operating and Financial Summary, the FAA's July 2017 PFC Collection Report, and the FAA's Air Traffic Activity Data System for FY2017.

From the survey group, California airports have financed construction projects with over $14 billion in bonds. All airports rely on PFCs to service debt obligations. Over the next 5 years, California airports are anticipating over $26 billion in capital infrastructure projects including new terminal construction, airfield improvements and landside enhancements. Some airports have also provided examples of unfunded projects due to current financing methods being committed.

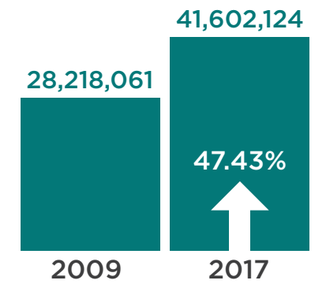
Nationwide, a federal cap of $4.50 has been placed on the PFC pursuant to the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR21) passed in 2000. Without an update to the PFC to match inflation over the last 18 years, the value of the PFC has dropped to almost half of the original value when indexed.

In October, the FAA Reauthorization Bill of 2018 was passed for the next 5-years. The passenger facility charge was left at $4.50 and the Airport Improvement Program was authorized at the same $3.35 billion despite increased airport need to cover growing infrastructure costs. Airports across the country continue to urge Congress to reform the Passenger Facility Charge to support a self-sustaining structure for airport financing that is less dependent on federal dollars.

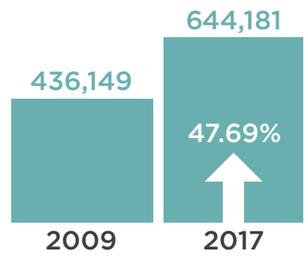
[1] ACI-NA Passenger Facility Charge Fact Sheet

Los Angeles International Airport

LAX



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1993-2028 ▸ $4,089,043,661

INDEBTEDNESS

As of July 2017
$5,054,831,000

Debt Retirement
2046

LAX has invested billions to finance terminal projects, including the Tom Bradley International Terminal Program, Bradley West Interior Enhancements and multiple Terminal Renovation Projects throughout the airport. This is in addition to maintaining airside components through airfield and apron projects. The new terminal features 1,179,000 square feet of useable space and 18 new gates, of which nine can accommodate larger, new generation (Group VI) Airbus A-380 aircraft.

Capital Expenditures & Construction IN PROGRESS - $14 BILLION

Los Angeles World Airports (LAWA) is in the midst of a $14 billion Capital Improvement Program at Los Angeles International, projected to last through 2023. The LAX modernization program is considered the largest public works program in the history of the City of Los Angeles.

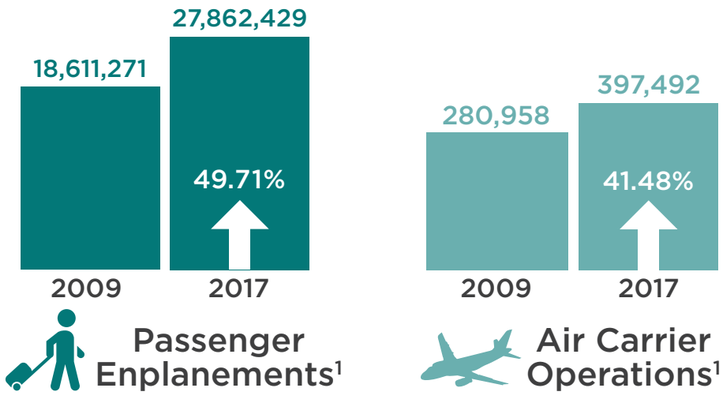
> **“The LAX modernization program is considered the largest public works program in the history of the City of Los Angeles.”**

Traffic into and on the roadways in the LAX Central Terminal Area is a major concern, with an estimated 50 percent of air travelers driving to and from the airport by car. The number of vehicles is expected to increase as annual passenger volume continues to break records. The $5.5-billion program will give airport guests choices that provide a first-class, swift, convenient, and reliable way to access LAX. The program includes five major program elements: a 2.25-mile Automated People Mover (APM) that will connect three on-airport stations to Metro Rail and transit services – finally providing a seamless connection to public transportation; a Consolidated Rent-A-Car center; two Intermodal Transportation Facilities for additional parking, ground transportation services, and meeter-greeter activities; and roadway improvements.

The airport is also in the process of constructing the Midfield Satellite Concourse featuring 12 new aircraft gates, including many for Group V and VI aircraft like the Airbus A380 and the Boeing 747-8. The first phase of the Midfield Satellite Concourse project will also include new taxiways/ taxilanes and utility improvements. It will provide additional flexibility when other gates are taken out of service and reduce use of the LAX remote gates, where passengers are now bused to board aircraft. Substantial completion of the North Gates phase of the project is anticipated in late 2019, with operational activities to begin soon thereafter. Coupled with a companion Baggage Optimization Project (BOP), the MSC North Gates construction cost is estimated at $1.6 billion.

San Francisco International Airport

SFO



Passenger Enplanements[1]

Air Carrier Operations[1]

Proceeds from the most recent 2018 debt issuance are being used to finance and refinance a portion of the costs of the following projects, among others: (a) redevelopment of Terminal 1, including construction of a new 25-gate Boarding Area B; (b) modernization of Terminal 3 West; (c) renovation of the International Terminal departures level; (d) extension of the AirTrain service to the long-term parking garages; (e) improvements to the Airport's security and technology infrastructure; (f) a secure connector and office block connecting Terminal 2 and Terminal 3; and (g) certain airfield improvements.

Overall, the purpose of SFO's Capital Improvement Plan is to accommodate passenger and airline growth, enhance security, maintain existing infrastructure, and support Airport goals around sustainability. SFO's Capital Improvement Plan reflects the need and urgency not only to improve facilities to meet SFO's premier customer service standards, but also to address the continuing high demand for air travel by increasing terminal and gate capacity.

PFC funds are used to pay debt service associated with bonds that financed certain PFC-eligible capital projects. In 2017, PFCs were applied to debt service for bonds used to renovate Terminal 2 and Boarding Area D, and to construct the Airport's Runway Safety Area. PFC funds will also be applied to the debt service for the installation of passenger boarding bridges and the extension and improvement of the AirTrain system.

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
2001-2030 ▸ $2,035,673,737

INDEBTEDNESS

As of July 2017
$4,935,530,000

Debt Retirement
2046

Capital Infrastructure Needs Over The NEXT 5 YEARS - $5.8 BILLION[2]

Project highlights in the Commission's approved Capital Improvement Plan include the following projects, all of which may be eligible for PFC application:

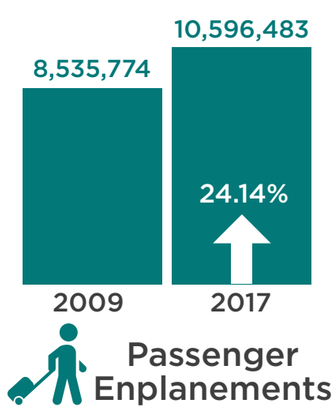
- Terminal 1 projects: Redevelopment of Boarding Area B and Terminal 1 Central Area, construction of a 25-gate Boarding Area B (19 replacement gates and 6 new gates), a new consolidated baggage handling system and checked baggage screening system, secure connectors to Boarding Areas A and C, and a sterile corridor to the International Terminal ($2.3 billion combined project total).
- Terminal 3 Redevelopment projects: Renovation of the western portion of Terminal 3 to include seismic stability improvements and building system upgrades and a sterile corridor to the International Terminal ($1.0 billion combined project total).
- International Terminal Refresh projects: Upgrades and improvements to parts of the International Terminal to increase operational efficiency ($272 million combined project total).
- AirTrain Extension: Extension of the AirTrain to the long-term parking garage ($217 million project total).

If PFC funding is not available, the Airport expects to issue additional General Airport Revenue Bonds to finance necessary capital projects which might increase costs to airlines serving SFO. Increased costs to airlines may have an impact on the airfares the airlines charge the traveling public.

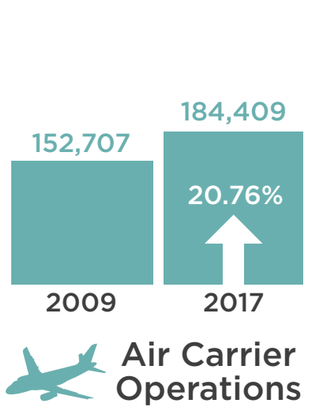
[1] Data source for enplanements and operations is SFO Comparative Traffic Reports for December 2009 and 2017.
[2] Fiscal Year 2018 through Fiscal Year 2022, based on the Commission's approved Capital Improvement Plan.

San Diego International Airport

SAN



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1995-2039 ▸ $1,549,293,933

INDEBTEDNESS

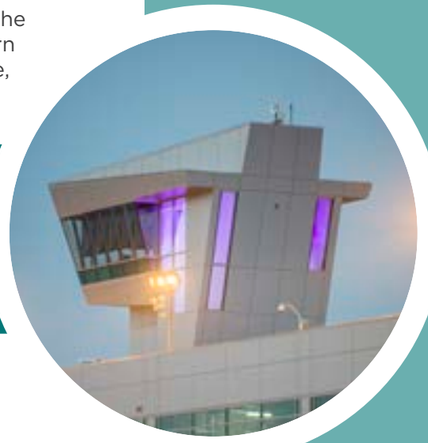
As of July 2017
$1,346,600,498

Debt Retirement
2044

Debt issuances in 2010 and 2013 at SAN were used to fund projects in the Green Build Program and certain other Capital Program elements. The Green Build included construction of 10 new gates at Terminal 2 and a dual-level roadway featuring a separate arrivals and departures curb to alleviate congestion. Projects funded also included Terminal 2 East facilities improvements, enhancements to concession facilities, airfield and landside utility projects, and various maintenance projects.

In 2014, Special Facility bonds were issued to fund the Rental Car Center (RCC) which replaced offsite facilities used by the rental car companies for their operations at the Airport. The Airport had no on-site locations for rental car companies, other than a parcel of land used for overflow rental car parking. The RCC consists of a multi-level parking garage containing rental car ready/return spaces, a Customer Service Building with rental car counters and office space, a multilevel Quick Turn-Around (QTA) vehicle service area, and a vehicle staging and storage area.

> “The RCC consists of a multi-level parking garage containing rental car ready/return spaces...”

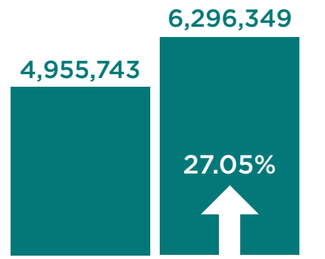


Capital Infrastructure Needs Over The NEXT 5 YEARS - UP TO $4.1 BILLION

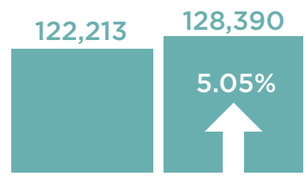
The Airport Authority has total Capital needs of up to $4.1 billion dollars over the next five years. The largest component of the Capital Program is the Airport Development Plan (“ADP”). The first phase of the ADP is anticipated to cost up to $3 billion dollars and includes replacement of Terminal 1 (which was constructed in 1967 and is extremely inefficient) in the initial phase. Future phases include Terminal 2 East improvements and a possible extension on the west end of Terminal 2. Terminal 1 in its complete build out will net 10 additional gates, bringing total number of gates at SAN to 61 gates. The remaining $1.1 billion of capital cost is within the Authority’s rolling five-year Capital Improvement Program that provides critical improvements and asset preservation. This includes projects that address federal security requirements, airfield safety, environmental remediation, terminal upgrades and development.

Oakland International Airport

OAK



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1992-2035 ▸ $907,425,991

INDEBTEDNESS

As of July 2017
$224,264,606

Debt Retirement
2033

Capital Infrastructure Needs Over The NEXT 5 YEARS - $379,000,000

Oakland International Airport's 5-Year Capital Improvement Plan (CIP) includes approximately $379 million of projects at the Airport. Airfield projects comprise about $187 million of these and include rehabilitation of the Airport's main commercial air carrier runway, involving pavement overlay, lighting infrastructure upgrades, and light can replacement and modifications. Also included in the airfield projects are improvements to the Airport's perimeter dike, which separates the airfield from San Francisco Bay waters; Terminal 1 Ground Support Equipment (GSE) electrification; and multiple taxiway and apron hangar improvements.

> "...rehabilitation of the Airport's main commercial air carrier runway, involving pavement overlay, lighting infrastructure upgrades, and light can replacement and modifications."

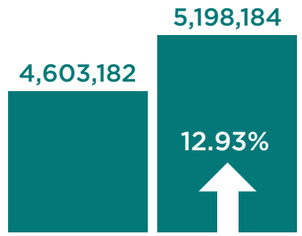
Approximately $108.6 million is included in the 5-year CIP for terminal improvements, retrofitting and renovating Terminal 1 - life safety improvements, upgrades to the International Arrivals Building, boarding bridges, and on-going infrastructure upgrades in Terminal 1 concourse. It also includes capital improvements to Terminal 2, such as gate modifications to accommodate larger aircraft, fuel pit modifications, passenger boarding bridge replacement at some gates, and TSA recapitalization of baggage screening equipment.

Other capital costs include $10.8 million related to improvements to hangars and the rental car facility to meet existing lease requirements for leased properties. $16.9 million is included in ground access-related projects intended to improve customer service, fulfill regulatory permit obligations, and/or maintain revenues. Key security projects make up another $16.4 million.

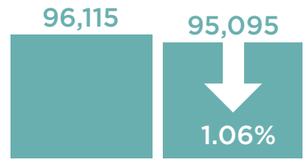
$24.1 million has been included in the 5-Year CIP for utility infrastructure projects. These projects include water and sewer upgrades, sewer lift station upgrades and replacements, and electrical duct bank and distribution upgrades. The remainder of the 5-Year CIP includes facilities maintenance projects, capital equipment purchases, pre-development work, and miscellaneous facility replacement projects.

Sacramento International Airport

SMF



Passenger Enplanements



Air Carrier Operations

INDEBTEDNESS

As of July 2017
$1,016,732,718

Debt Retirement
2041

The current debt issuances financed the Terminal Modernization Program (TMP) at SMF and refunded all the bond series issued prior to 2008. The TMP included various projects such as: Central Terminal B with associated roadways system and landscaping, automated people mover, airside concourse, north vault, apron and taxiways. All the TMP projects were completed in 2011 – the final cost was $991 million.

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1993-2034 ▸ $953,252,732

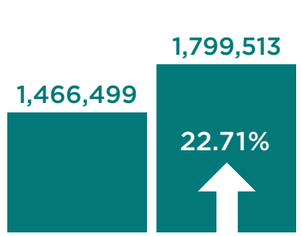
Capital Infrastructure Needs Over The NEXT 5 YEARS - $241,505,000

EXAMPLE OF UNFUNDED PROJECT

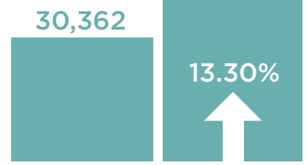
SMF's west runway pavement rehabilitation project is estimated at $50 million - $60 million. Due to federal funding uncertainty, the project scope has been scaled back to include only the runway pavement (pavement edge to pavement edge), and forgoes the expansion of taxiway fillets as required by the recently updated FAA design standards. Also planned as a part of the overall west runway improvements was the relocation of its exit taxiways. The exit taxiways relocation project including expanding the required taxiway fillets is being pushed back beyond the 5-years airport capital improvement plan (ACIP) horizon due to lack of Federal funding.

Long Beach Airport

LGB



Passenger Enplanements



Air Carrier Operations

INDEBTEDNESS

As of July 2017
$107,590,000

Debt Retirement
2040

The Airport's current debt issuances were primarily used to fund the construction of its Lot B Parking Structure, the construction of its Passenger Concourse Facility, and refunding of outstanding commercial paper at the time.

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

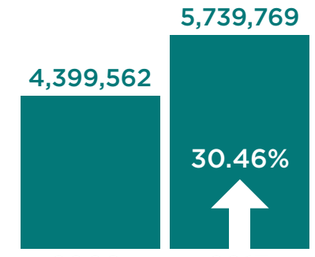
Total FAA approved PFC collections
2003-2034 ▸ $178,418,777

Capital Infrastructure Needs Over The NEXT 5 YEARS - $138,700,000

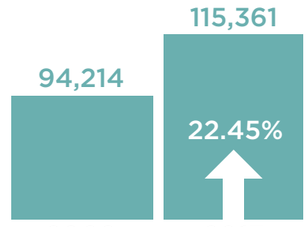
The Airport has $53.8 million worth of airfield improvement projects scheduled over the next five years. In addition, the Airport has $84.9 million worth of terminal area improvement projects and other capital projects scheduled over the next five years.

San Jose International Airport

SJC



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1992-2029 ▸ $1,067,932,847

INDEBTEDNESS

As of July 2017
$1,229,545,000

Debt Retirement
2047

Bonds were used to finance the Airport's Consolidated Rental Car Facility (ConRAC) which reduced the need for bus trips to rental car offices, and decreased the size of the Airport's bus fleet, helping to protect air quality. The ConRAC allows the Airport's rental car companies to operate fueling, maintenance and indoor carwash racks with greater efficiency and more environmental controls. The ConRAC is topped by a 1MW solar array that supplies 20% of its power. In addition to the ConRAC, the airport completed a terminal build in 2010 along with significant airfield improvements to increase gates and square footage needed to accommodate growing capacity needs.

> "The ConRAC is topped by a 1MW solar array that supplies 20% of its power."

Capital Infrastructure Needs Over The NEXT 5 YEARS - $327,000,000

EXAMPLES OF UNFUNDED PROJECTS

Terminal B phase 2: Construction of south concourse including 12 gates and a new central plant facility.

Estimated cost: $1 billion

Construction of new Public Parking Garage

Estimated cost: $150 million

Replacement of fire protection sprinklers: Replacement of fire sprinkler piping throughout the Terminal A complex including the garage.

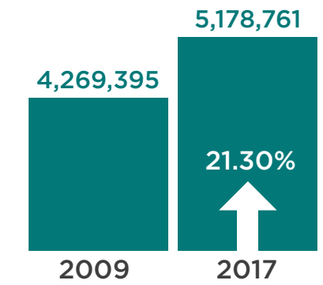
Construction of new Cargo Facility

Relocation of the Airport's Facilities group

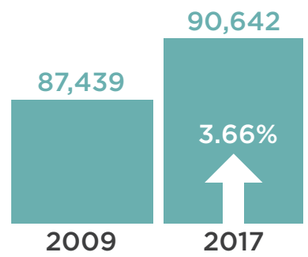
Vehicle charging stations

John Wayne Airport, Orange County

SNA



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
2006-2022 ▸ $311,602,130

INDEBTEDNESS

As of July 2017
$189,540,000

Debt Retirement
2039

Debt issuances supported construction of a new terminal building (Terminal C), including six additional bridged aircraft gates, a new Federal Inspection Services (FIS) facility and two new commuter holdroom facilities. This project reduces congestion in the Riley Terminal complex, increases capacity to meet current and future demand, and provides greater operational efficiency, flexibility and competition among air carriers. In conjunction with the new Terminal C, a new Parking Structure C with more than 2,000 parking spaces and advanced parking technology, were added to accommodate current and future passengers' parking needs.

The airport also purchased a Common Use Passenger Processing system. The project includes the design, acquisition, and installation of common use terminal equipment and associated software for all 20 gates, common-use self service units, and common use terminal equipment at all ticket counter and curbside positions at the Airport.

The 10,800 square foot Central Utility Plant and Cogeneration Facility (CUP) uses four natural gas-fired generators to produce seven megawatts of electricity that powers three terminals and several parking structures. The heat byproduct generated by the four generators are recaptured and fed into two exhaustion chillers, designed to convert heat to chilled water for air conditioning. A state-of-the-art emission control system helps the CUP comply with all South Coast Air Quality Management District regulations.

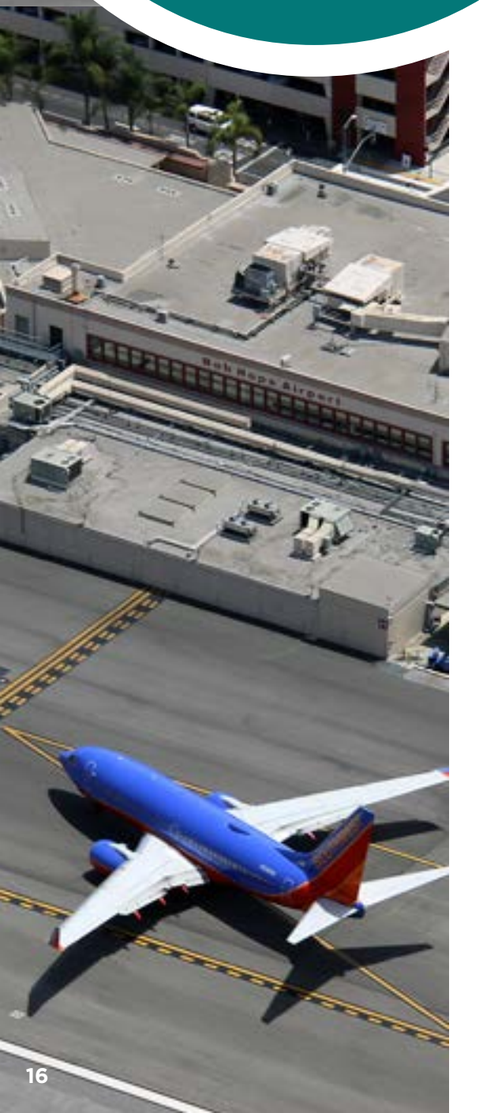
> **"...(CUP) uses four natural gas-fired generators to produce seven megawatts of electricity that powers three terminals and several parking structures."**

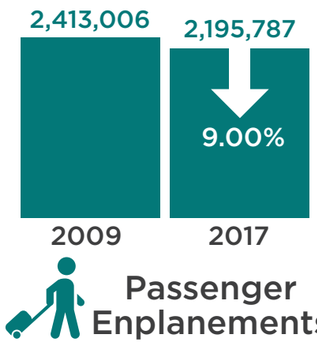
Capital Infrastructure Needs Over The NEXT 5 YEARS - $170,000,000

Anticipated capital projects are taxiway reconstruction and rehabilitation projects of the Airport's primary taxiways, Airport power generation and distribution upgrades, and construction of a new Airport Operations Center. All of these projects are in various stages of planning and development and have been identified for future funding needs in the Airport's Strategic Financial Plan.

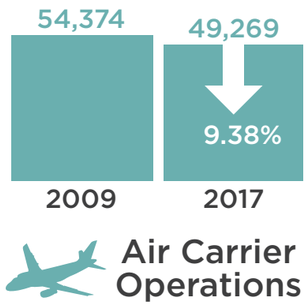
Hollywood Burbank Airport

BUR





Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate $3.00 until 2020
then $4.50 until 2021

Total FAA approved PFC collections
1994-2021 ▸ $239,220,396

INDEBTEDNESS

As of July 2017
$112,806,823

Debt Retirement
2042

A 2012 Bond Issue was used to finance the Regional Intermodal Transportation Center/Consolidated Rental Car Facility (RITC) and Replacement Parking Structure. The RITC is a three-level structure housing a consolidated rental car facility; a rental car customer service building; and a ground-level bus station. It is connected to the airport terminal building via a 1,100-foot-long, covered elevated walkway with automated moving walkways. Designed to be fully operational after a major earthquake, the RITC will have the capacity to serve as a command center for emergency operations in Southern California. A 2015 Bond Issue was used in the refinance of a 2005 Issue, which refinanced the 1992 Issue, acquired land and financed the redevelopment of Valet Parking at the Airport.

> “...the RITC will have the capacity to serve as a command center for emergency operations in Southern California.”

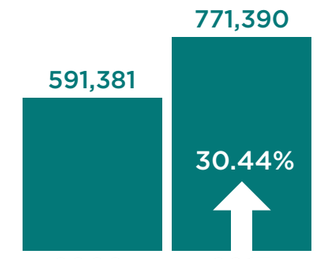
Capital Infrastructure Needs Over The NEXT 5 YEARS - $400,000,000+

Under a voter approved measure and the terms of a Development Agreement with the City of Burbank, the Authority seeks a safety project which includes a replacement passenger terminal for the current facility which does not meet FAA Design Standards and seismic standards. The current terminal is 250 ft. from the center line of the runway which is less than the 750 ft. separation called for in the FAA standards. The central portion of the current terminal also does not meet modern seismic design standards and cannot be feasibly retrofitted. The proposed location of replacement passenger terminal will address these concerns and include modern technology and conveniences the traveling public and the airlines now seek.

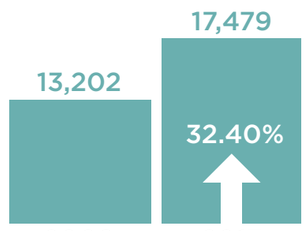
The Authority is currently undertaking certain activities to support this development. This includes revising the Airport Layout Plan (“ALP”), Phase II Human Health Risk evaluation, facility concept validation and supporting the FAA with the undertaking of an Environmental Impact Statement. Depending on project delivery method, final design, cost of materials, construction and other elements, the cost for a replacement passenger terminal is projected to be in the $400+ million range which does not include airside, landside and demolition components of the replacement passenger terminal project.

Fresno Yosemite International Airport

FAT



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1996-2021 ▸ $55,125,253

INDEBTEDNESS

As of July 2017
$51,507,774

Debt Retirement
2037

The airport's amended existing authorization to apply PFCs to partly pay annual debt service extends to FY 2030, and amounts to $53.7 million.

FAT's additional authorization to fund projects on a pay-as-you go basis expires in 2024 and amounts to $7.0 million. After 2024, available PFC backed debt capacity will be applied to the Terminal Modernization Phase 1 project.

Capital Infrastructure Needs Over The NEXT 5 YEARS - $200,000,000

EXAMPLES OF UNFUNDED PROJECTS

Terminal Modernization Phase 1: Including additional gates and new Federal Inspection Services (FIS) Facility: International carriers use larger aircraft – the size of the current FIS facility is inadequate to process one landing.

Estimated cost: $45 million

Parking garage to add 750 stalls: The existing surface lots parking facility is routinely at 90-95% capacity, well above the threshold where industry planning standards recommend that design and construction begin.

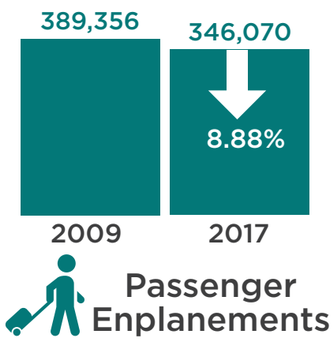
Estimated cost: $36 million

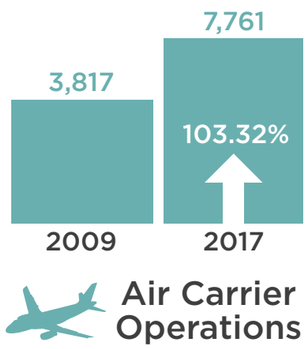
Airport Rescue and Fire Fighting Station: New ARFF station to replace an existing facility that has exceeded its useful life and no longer meets safety standards.

Estimated cost: $12 million

Santa Barbara Municipal Airport

SBA





PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1998-2039 ▸ $36,388,365

INDEBTEDNESS

As of July 2017
$48,321,202

Debt Retirement
2040

Debt issuance used to construct consolidated rental car maintenance and storage or Quick Turn Around (QTA) facility. Annual loan payment of $460,364 funded by Customer Facility Charges. The airport also has a loan from California Department of Transportation, Division of Aeronautics, to construct 24 revenue-generating T-hangars with an annual loan payment of $218,714. Bonds were issued for construction of Airline Terminal Improvement project. PFCs pay approximately $1.3 million of $3.1 million in annual bond payments.

Capital Infrastructure Needs Over The NEXT 5 YEARS - $32,400,000

EXAMPLES OF UNFUNDED PROJECTS

Light Industrial Development Phase II: Phase II buildout of revenue-generating development includes 22,500 square feet of light industrial space and 4,000 square feet of retail space.

Estimated cost: $8.4 million (Not eligible for federal AIP grant funding)

Commercial Air Service/Airline Terminal Facilities: Construct an equipment maintenance facility and lavatory cart dump station for airlines. Purchase additional jet bridge for airline use and terminal capacity.

Estimated cost: $1.5 million (Only portions of these projects are eligible for federal AIP grant funding.)

6150 and 6190 Francis Botello Road Remodel: Remodel of two buildings constructed in the 1940s.

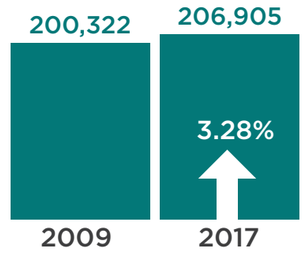
Estimated cost: $1.1 million (Not eligible for federal AIP grant funding)

Maintenance Yard Fuel Tank Replacement: Remove underground fuel storage tanks and replace with above ground fuel storage tanks.

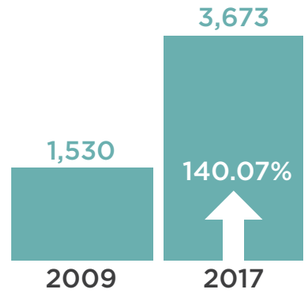
Estimated cost: $400,000 (Not eligible for federal AIP grant funding)

Monterey Regional Airport

MRY



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1994-2018 ▸ $16,950,180

INDEBTEDNESS

As of July 2017
$1,706,000
$3,000,000

Debt Retirement
2021
2033

Capital Infrastructure Needs Over The NEXT 5 YEARS - $3,438,985

MRY completed the RSA project for our primary runway as well as design and construction of a new airfield vault. In addition, an overlay of our secondary runway will be completed during Q1 2019.

EXAMPLES OF UNFUNDED PROJECTS - $184,000,000 OVER 10 YEARS

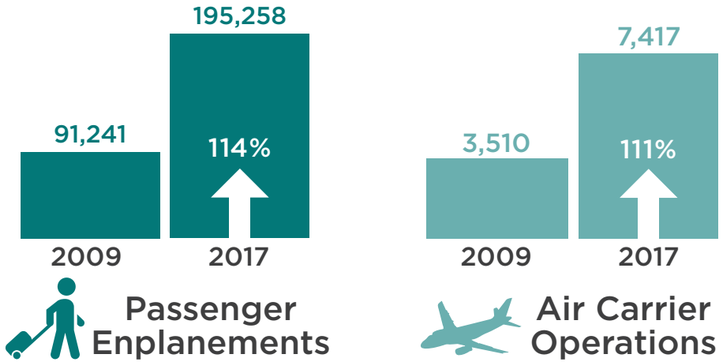
The airport needs various projects related to new terminal development as required to meet standards, relocation and redevelopment of the general aviation complex, as well as a new ARFF building and access road.

The new terminal is required as a result of modifications to standards that needs to be addressed. The FAA has granted the airport a modification to standards for many years to compensate for the fact that aircraft parked at the terminal ramp penetrate the taxiway safety area for the sole full length parallel taxiway at the airport. The matter can only be resolved by relocating the terminal given the geography of the airport, and in particular, the terminal area. There is no way to bring the existing terminal into compliance nor is there a way to relocate the taxiway to meet standards. On push-back an aircraft will enter the parallel taxiway causing it to be closed to aircraft until the aircraft is powered up and ready for taxi.

> “The FAA has granted the airport a modification to standards for many years...”

Charles M. Schulz - Sonoma County Airport

STS



PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1993-2026 ▸ $10,494,854

INDEBTEDNESS

As of July 2017
$18,500,000

Debt Retirement
2048

Funds are presently being used to support terminal and terminal area enhancements due to rapid passenger growth. The terminal at STS was approximately 15,000 square feet before expansion began of the holdroom and ticketing area. The Modular ticketing facility added approximately 2,400 square feet, two airline ticket counters, bag systems and airline support offices. The holdroom expansion is currently in progress, and when both phases are complete it will add approximately 10,500 square feet with seating for 250 passengers, small concession space, 4 gate counters, two new restrooms and a relocated two-lane TSA check point.

At STS, PFCs are used to support the terminal expansion and will also be a cornerstone in the future to assist with electrification of ground support equipment serving the airport.

Financing has been used through California's IBank funds to support Phase 1 of the airport's terminal expansion, ramp rehabilitation projects, land acquisition, matching grants, as well as the construction of a new long-term parking lot adding 450 new spaces and doubling capacity.

EXAMPLES OF UNFUNDED PROJECTS - $65,000,000

Terminal Expansion Project: Project to expand the current terminal building by 29,000 square feet to increase gate, bag claim, bag makeup, ticketing and passenger processing.

Estimated cost: $25 million

ARFF Building Replacement: Project to replace current ARFF station built in 1972.

Estimated cost: $9.1 million

Runway 14/32 Overlay: Project to overlay primary runway and install runway centerline lighting.

Estimated Cost: $8.7 million

Airline Ramp Reconstruction: Project to replace current airline ramp and expand aircraft parking positions, originally constructed in early 1960s.

Estimated cost: $8.4 million

Apron E Reconstruction: Project to reconstruct apron E and associated taxilanes.

Estimated cost: $6 million

Taxiway A Rehabilitation and Shoulder Repairs: Rehabilitate center section and shoulders of taxiway A and overlay.

Estimated cost: $3.9 million

Apron F Reconstruction: Project to reconstruct apron F and associated taxilanes.

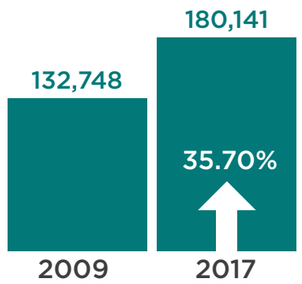
Estimated cost: $3.4 million

Wildlife Fencing Upgrades: Project to complete airport perimeter fencing and install 3 strand wire on entire airport perimeter.

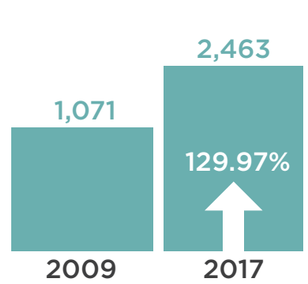
Estimated cost: $500,000

San Luis Obispo Regional County Airport

SBP



Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1993-2019 ▸ $12,864,091

INDEBTEDNESS

As of July 2017
$9,097,647

Debt Retirement
2046

The San Luis Obispo airport has used loans to finance airport projects including $2,413,549 for airport hangars, $991,369 from the County for Parking Lot Improvements, Terminal Landing Improvements and Runway Safety Area Improvements, and $1,000,000 from the California Department of Transportation for a fuel farm.

Most recently the airport was authorized for $6,000,000 for New Terminal Financing from the California Infrastructure & Economic Development Bank. The new terminal is 56,000 square feet—almost 45,000 square feet larger than the previous terminal. The new space features improved security and will allow the community to be served by more larger aircraft as the industry phases out smaller fleets.

EXAMPLES OF UNFUNDED PROJECTS - $25,422,000

Runway Lighting Rehabilitation
Estimated cost: $3.4 million

Taxiway Realignment & Rehabilitation
Estimated cost: $2 million

Apron Rehabilitation
Estimated cost: $404,400

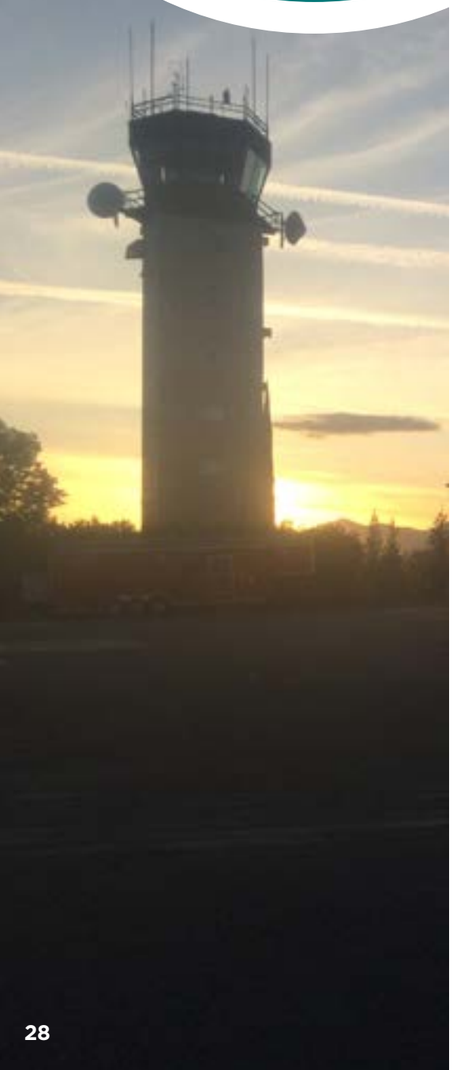
Navigational Aids & Approach Lighting
Estimated cost: $5.6 million

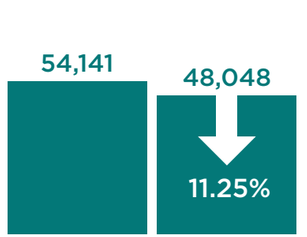
Taxiway Reconfiguration
Estimated cost: $8 million

Parking Facilities Development, Surfaces, Lighting, and Drainage
Estimated cost: $6 million

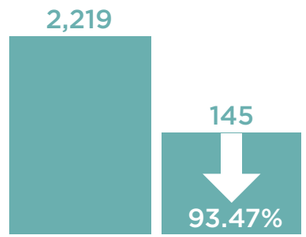
Redding Municipal Airport

RDD





Passenger Enplanements



Air Carrier Operations

PASSENGER FACILITY CHARGE

PFC Rate
$4.50

Total FAA approved PFC collections
1997-2025 ▸ $4,719,848

INDEBTEDNESS

As of July 2017
$4,344,274

Debt Retirement
2032

Unfortunately, unless RDD moves into record enplanement territory or the cap on the PFC is increased, the PFC portion of its debt will not decrease at any reasonable rate. Debt retirement for purchase of solar is 15 years out, a hangar loan is set for retirement in 2025, as is the drainage project. The biggest piece, its consolidated debt to the City, currently paid with only interest payments, plus $25K annually going to principal.

EXAMPLES OF UNFUNDED PROJECTS - $22,450,000

Slurry seals on Taxiways and Runways: Needed to extend their respective lives as required by current FAA standards. Doing preventative maintenance should be a priority but replacing pavement that is actually failing comes first.

Estimated cost: $3.2 million

Public Parking Lot: The public parking lot at RDD was 1980 construction. At 37 years old, it is failing rapidly.

Estimated cost: $1.2 million

Concrete Replacement: The majority of the concrete surrounding the air carrier terminal is very old (40 plus) and will need to be replaced.

Estimated cost: $3 million

Replacement Runway: A replacement runway has been planned and on the ALP for over thirty years. This needs to be built to set up the final, long term configuration of the airfield. This will provide separation between the larger aircraft (air carriers & fire-retardant bombers) and the student pilot / flight school activities. This is a safety project and capacity.

Estimated cost: $7.8 million

Rental Car Quick Turn Around Facility and Vehicle Storage Lot: The current facility has outdated environmental components and only allows one vehicle at a time for three busy car rental companies. In addition, the Car Rental Ready / Return lot and the overflow rental vehicle storage needs expansion and new pavement.

Estimated cost: $1.5 million

Employee Parking Lot: Needs new (replacement) pavement and expansion.

Estimated cost: $750,000

Landside Access Road Repair: Virtually all of the landside access roads have been identified in the Airport Pavement Management System (APMS) as being in a “failed” pavement condition. Although FAA-AIP entitlement funding has been requested for the reconstruction design of these critical roads, the FAA has stated that this project will rank very poorly in the competition for FAA-AIP discretionary funding.

Estimated cost: $5 million

CAC

CALIFORNIA AIRPORTS COUNCIL

980 9th Street, Sacramento, CA 95814
P: 916.553.4999 | F: 916.266.4580

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