



March 15, 2016

The Honorable John Thune
Chairman
Commerce, Science & Transportation
Committee - U.S. Senate
Washington, DC 20510

The Honorable Bill Nelson
Ranking Member
Commerce, Science & Transportation
Committee - U.S. Senate
Washington, DC 20510

RE: California Airport Support for Passenger Facility Charge Increase and Full Funding of Airport Improvement Program in FAA Reauthorization Bill

Dear Chairman Thune and Ranking Member Nelson:

On behalf of the California Airports Council (CAC), I write to voice the association's strong recommendation that airport infrastructure be held as a high priority in the Reauthorization of the Federal Aviation Administration (FAA). We urge your committee to fully fund, if not increase, annual appropriations to the Airport Improvement Program (AIP) as well as raise the ceiling on the Passenger Facility Charge (PFC).

The CAC represents the 33 commercial service airports in the state of California. Collectively, our association of airports provides essential services to over 190 million passengers annually, accounting for over 12.3% of all U.S. passenger enplanements. In 2014, eleven of California's commercial service airports ranked in the top 100 busiest airports in the nation. Almost 4 million metric tons of cargo enters California's airports per year comprising over 8% of all U.S. air cargo. In addition we are the nation's gateway to the Pacific Rim.

We firmly believe that modernizing airport infrastructure is essential to strengthening our nation's aviation system to meet current needs and projected financing challenges over the next decade. According to the Airports Council International – North America Capital Needs Survey, airports will require a staggering \$75.7 billion from 2015 through 2019 to accommodate the passenger growth and facility rehabilitation projects necessary for a safe and efficient system.

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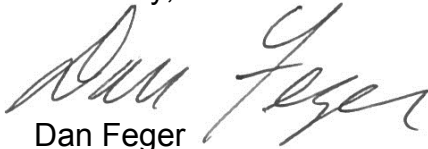
The current funding mechanisms, critical to airports of all sizes, must be increased to properly support infrastructure needs. Funding for the AIP program has declined 10% in the past six years with a cumulative funding decline of over \$1.5 billion. In addition, the PFC ceiling has not been adjusted since 2000. After sixteen years at \$4.50, the purchasing power of the PFC has depreciated by approximately 50% due to a combination of inflation and rising construction costs. If the PFC ceiling were raised, airports would have the ability to set their own PFC levels to reflect today's costs for locally-determined improvement projects approved by the FAA.

California's commercial airports rely on PFCs to help service debt obligations. California airports have financed construction projects with over \$13 billion in bonds according to 2015 data. On average, California airports are forecasting 21 years until debt retirement with the PFC component committed to projects for an average of 13 years.

With the FAA's latest Aerospace Forecast indicating that total enplanements across the nation are expected to increase to more than 800 million passengers by 2017, it is imperative that Congress act now to give airports the funding tools necessary to prepare for the anticipated growth. As you work to identify the best ways to move forward with the Reauthorization Bill, we urge you to support the modernization of our nation's airport infrastructure by increasing the key funding sources for airport capital projects.

As you consider the next FAA reauthorization legislation, please know that the California Airports Council stands ready to provide you with any information about California's airports that you may find helpful in your deliberations.

Sincerely,



Dan Feger
President
California Airports Council