

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: August 20, 2021

To: Marcelia Nicholson, Chairperson, County Board of Supervisors

From: Donna Brown-Martin, Director, Department of Transportation

Subject: Administrative appropriation transfers recognizing funds related to Federal Aviation Administration approval of Passenger Facility Charge Application #18 and reimbursement of the Airport Development Fund

File Type: Action Report

REQUEST

The Department of Transportation is requesting authorization to proceed with administrative appropriation transfers to recognize funds related to Federal Aviation Administration (FAA) approval of Passenger Facility Charge (PFC) Application #18 and reimburse the Airport Development Fund (ADF) reserve account as applicable for a combination of 35 previously approved completed and active projects.

POLICY

Section 40117 of Title 49 of the United States Code allows public agencies controlling commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using an airport a \$1, \$2, \$3, \$4 or \$4.50 charge, referred to as a Passenger Facility Charge (PFC).

Public agencies wishing to impose PFCs are required to apply to the Federal Aviation Administration (FAA) for such authority and meet certain requirements specified in the legislation and the implementing regulation, 14 CFR Part 158, issued by the FAA in May 1991. An important step in this process, is the identification of capital projects for PFC funding and consultation with the air carriers operating at Milwaukee Mitchell International Airport (MKE or the Airport).

United States Code:	Section 40117 of Title 49
Federal Regulations:	14 CFR Part 158

BACKGROUND

The purpose of the charge is to provide additional capital funding for the expansion of the national airport system. The proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

The Airport has formally submitted PFC application #18 (PFC #18) to impose and use PFCs on thirty-five (35) completed and active projects at the Airport at a \$4.50 PFC collection rate. Total PFC revenues of \$17,690,302 will be collected under PFC #18 upon approval by the FAA and as projects are completed. All of the projects contained in PFC #18 previously received necessary County approvals to move forward with the projects either in an annual budget cycle or through prior appropriation transfer. Table 1 lists the proposed funding for the previously completed and active PFC approved projects.

Prior to PFC #18 the last approved PFC was PFC #17 in 2013 at the \$3 level. The FAA requires that all previous PFCs be amended to the \$4.50 level prior to a new submission being issued at the desired \$4.50 level. The final amendment of PFC applications #14 through PFC #17 was approved by the FAA in late fall of 2019. The Airport has submitted three draft rounds of PFC #18 to the FAA and has since submitted the final formal PFC #18 application. PFC #18 covers completed going back to 2013 through projects that were authorized in 2020 some of which are still active projects. In general, the PFC portion of project costs were funded by the Airport Development Fund reserve (ADF) until PFC #18 could be approved, at which time a transfer of budget and actual revenues would take place to restore ADF and drawing the approved funds from the PFC Trust.

Table 1
Summary of Proposed Project Funding

PFC No.	Project Number	Project Name	Project Cost	Federal Funds ¹	Other Funds ²	Requested PFC Amount ³
18.01	WA180	Runway 7L-25R Resurface	\$ 1,258,224	\$ 943,668	\$ 157,278	157,278
18.02	WA180	Runway 7L-25R Resurface	539,239	404,429	67,405	67,405
18.03	WA184	ADS-B Squitter Transponders	514,710	386,032	64,339	64,339
18.04	WA187	Runway 13-31 Pavement Resurface	1,794,269	1,345,945	224,162	224,162
18.05	WA187	Runway 13-31 Groove Runway	245,042	183,538	30,752	30,752
18.06	WA218	Runway 7R-25L, Txy B Partial Replacement of Pavement	862,658	657,375	97,981	107,302
18.07	WA246	Txy B Shoulder and Lighting, South Apron Pavement Replacement	2,226,310	1,669,732	278,289	278,289
18.08	WA218	West Apron Pavement Replacement	225,000	-	180,000	45,000
18.09	WA192	Replacement of Airfield Guidance Signs	246,600	177,237	38,290	31,074
18.10	WA192	Txy E Lighting System rehab, Rwy 19R, 1L & 7R PAPIs replacement	340,544	244,755	53,663	42,126
18.11	WA217	Txy A and M Lighting Replacement	333,737	250,303	41,717	41,717
18.12	WA245	Rwy 7L-25R cabling and lighting replacement	302,619	226,965	37,827	37,827
18.13	WA194	Taxiway Re-cabling and Re-lighting	524,851	393,638	65,606	65,606
18.14	WA195	Taxy F (Rwy 13-31 to Txy E) Reconstruction	2,221,548	1,666,161	277,693	277,693
18.15	WA203	GRE Apron Concrete Panel Replacement	470,907	-	376,726	94,181
18.16	WA209	Sustainability Management Plan	398,310	298,733	49,789	49,789
18.17	WA211	Physical Access Control Sys Study and Design	363,797	-	-	363,797
18.18	WA211	Physical Access Control Sys Construction	5,398,941	-	-	5,398,941
18.19	WA215	Rwy 19L-1R, 13-31 and Txy S & Y Re-lighting	778,069	564,000	119,944	94,125
18.20	WA220	Txy A2, B, D, and V Modifications	832,059	624,044	104,007	104,007
18.21	WA205	Firehouse (ARFF) Addition	1,321,616	991,212	165,202	165,202
18.22	WA205	Firehouse (ARFF) Addition	1,231,386	-	1,231,386	-
18.23	WA205	Firehouse (ARFF) Addition	2,326,196	1,744,647	290,775	290,775
18.24	WA213	Jet Bridge Preplacement 2017	1,522,869	-	-	1,522,869
18.25	WA243	Jet Bridge Preplacement 2018	909,414	-	-	909,414
18.26	WA271	Jet Bridge Preplacement 2019	2,580,743	-	-	2,580,743
18.27	WA263	Howell Tunnel Rehabilitation	2,494,158	1,870,618	311,770	311,770
18.28	WA263	Howell Tunnel Management - Study	81,808	-	-	81,808
18.29	WA251	Airfield Drainage Improvements - Study	108,986	-	87,189	21,797
18.3	WA278	Snow Removal Equipment (SRE) Replacement	1,985,000	-	-	1,985,000
18.31	WA261	Airport Master Plan Update	2,583,111	1,937,333	322,889	322,889
18.32	N/A	PFC Administration Costs	300,000	-	-	300,000
18.33	WA264	Txy E (Rwy 7L-25R to Txy F) and Txy F (Txy E to Rwy 1L-19R) Pavement Replacement	3,407,410	2,555,557	425,926	425,926
18.34	WA299	Taxiway A Extension	11,786,960	10,840,220	473,370	473,370
18.35	WA392	Rwy 7R-25L Pavement Rehabilitation	10,600,000	9,153,344	723,328	723,328
PFC Project Totals			\$ 63,117,091	\$ 39,129,486	\$ 6,297,303	\$ 17,690,302

¹ Federal funds consist of AIP entitlements, AIP discretionary funds, AIP noise discretionary funds or a combination thereof.

² Other funds consist of local airport funds, state grants or a combination thereof.

³ All requested PFC amounts are pay-as-you-go (PAYGO).

PFC #18 has taken over three years to formally submit, which was beyond the Airport's control, due to awaiting FAA approval of the prior PFC application amendments before the Airport was allowed to do a new submittal. Therefore, PFC #18 goes a long way to help catch the Airport up on becoming current with its PFC applications overall. The Airport is compiling its next PFC application (PFC #19) for current and future projects and intends to submit for consideration to the FAA once PFC# 18 is approved.

This is a request for authorization for the Office of the Comptroller and DAS PSB to work with the airport to perform an administrative transfer to effectuate the request detailed above.

ALIGNMENT TO STRATEGIC PLAN

3B: Enhance the County's fiscal health and sustainability.

FISCAL EFFECT

The Airport is a self-contained enterprise fund within the Milwaukee County organizational structure that generates its own revenues and does not require any property tax levy contribution.

TERMS

Not applicable.

VIRTUAL MEETING INVITES

Presented by: James H. Martin, Director of Finance and Administration, MCDOT Airport Division
Brian Dranzik, Airport Director, MCDOT Airport Division

PREPARED BY:

James H. Martin, Director of Finance and Administration, MCDOT Airport Division and Airport Finance Staff

APPROVED BY:

Julie Esch, Deputy Director

Donna Brown-Martin, Milwaukee County Director of Transportation

ATTACHMENTS:

A Fiscal Note and Resolution accompany this report.

CC: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk