

# Transportation - Aviation

## AVIATION ISSUES

**Request:** Increase staffing for Customs facilities and services.

Lift the federal cap on Passenger Facility Charges and allow local airports to set the rate to effectively meet their needs.

Fund Stage 2 of PHX Sky Train.

Reimburse remaining \$35.75 million owed by Transportation Security Administration for Sky Harbor In-Line Explosive Detection System.

Begin work to reform long-term Federal Aviation Administration (FAA) funding formulas.

Secure through federal funding or partnerships:

- \$34.14 million at Sky Harbor for airfield construction and solar panel installation.
- \$5.07 million for airfield improvements and master plan update at Phoenix Deer Valley Airport.
- \$4.18 million for airfield improvements at Phoenix Goodyear Airport.

### Community Value:

Phoenix Sky Harbor International Airport (Sky Harbor) is one of the top 10 busiest airports in the U.S. Approximately 43,090 people work at Sky Harbor and its financial health is critical to business and the state's economic vitality. This economic engine is the gateway to the southwest and provides an opportunity for commerce and tourism that benefits the entire state. Phoenix Deer Valley and Phoenix Goodyear airports serve as vital general aviation reliever airports for Sky Harbor and provide additional access to the region.



### Background:

#### Transportation Security Administration – Explosive Detection Systems

Under a Memorandum of Agreement with the Transportation Security Administration (TSA), Sky Harbor constructed In-Line



Explosive Detection Systems (EDS) in all three of its terminals. The original agreement called for 75 percent of project costs to be paid by the TSA and 25 percent to be paid by Sky Harbor. Original cost estimates of \$122 million were based on conceptual designs. Final costs totaled \$205 million due to TSA-required design changes and testing criteria that were implemented after the Memorandum of Agreement was signed. TSA was regularly advised as to the cost impacts associated with their required changes, yet TSA has maintained that it is not liable for any additional cost increases. Sky Harbor is seeking \$35.75 million in funding to bring the TSA contribution to 75 percent as originally agreed upon.

#### Customs and Border Protection

In order to meet increasing international travel demand by businesses and individuals, it is necessary to have appropriate staffing for Customs facilities and services. Airlines have indicated a desire to provide additional international service outside of existing Customs operating hours. New service cannot be added unless Customs expands its hours of operation and staffing levels. Sky Harbor seeks support for additional staffing in order to meet this important need.

### PHX Sky Train

The PHX Sky Train is a vital infrastructure project that will reduce traffic congestion on Sky Harbor's roadways and be an integral part of a multi-modal transportation system. Stage 1 of the PHX Sky Train opened to the public on April 8, 2013, on schedule and under-budget. Construction of Stage 1a also has begun and will be operational in 2015. The city continues to seek federal funds to build Stage 2, which will carry passengers to the Rental Car Center.



### Other Federal Funding Needs

Phoenix is seeking to secure federal funding for:

#### Phoenix Sky Harbor

- Re-construct Terminal 4 Apron (federal share \$16,000,000)
- Construct East Cargo Apron (federal share \$5,265,200)
- Re-construct West Hold Bay (federal share \$7,872,000)
- Fund Voluntary Airport Low-Emission program – Installation of solar panels (federal share \$5,000,000)

#### Phoenix Deer Valley Airport

- Construct Aircraft Run-up Areas at the ends of Runway 7R/25L (federal share \$2,135,000)
- Re-construct Taxiway A-Phase II (federal share \$2,699,000)
- Update Airport Master Plan (federal share \$236,450)

#### Phoenix Goodyear Airport

- Rehabilitate Runway 3-21 (federal share \$4,182,650)

### Reform Long-Term FAA Funding Formulas

The FAA Modernization and Reform Act of 2012 was signed into law in February 2012 and authorizes funding for the FAA through FFY 2015. While passage of the act provides long-term funding for the FAA and airport-related projects, a number of critical issues still exist for airports. Airports and trade organizations will continue working to address the following issues:

- Lifting the federal cap on Passenger Facility Charges (PFCs) and allowing local airports to set the rate to effectively meet their needs. Alternatively, the city supports research to identify alternative means to collect airport user fees. The PFC is a local airport user fee that is used to fund critical infrastructure and improvements projects. The PFC, currently set at a maximum of \$4.50, has not changed for several years, giving airports much less purchasing power.
- Reducing airport financing costs by permanently excluding airport private activity bonds from the Alternative Minimum Tax (AMT).
- Broadening the aviation tax base to fund airport infrastructure, NextGen and other FAA costs.
- Requiring the FAA and the General Accounting Office to study One Engine Inoperative (OEI) surfaces and the impact to air commerce.

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