

March 1, 2012

Airlines:

Re: PFC Application No. 12-08-C-00-SUN

Friedman Memorial Airport Authority's notice to air carriers prior to submitting an Application to Impose and Use a Passenger Facility Charge at Friedman Memorial Airport

Dear Mr. Phillips:

The Friedman Memorial Airport Authority (FMAA) has determined to submit to the Federal Administration Agency (FAA) a Notice of Intent to Impose and Use a PFC at Friedman Memorial Airport (SUN). As such, FMAA has issued this notice as part of the notification process under 14 CFR § 158.23 and is providing you with the following information:

Application No. 12-08-C-00-SUN

The following information relates to this new PFC application:

- **Project Descriptions:** A description of the projects being considered for funding by PFCs, which is attached as Attachment A.
- **PFC Level:** A four dollar and fifty cents charge (\$4.50) on passengers enplaned at SUN.
- **Charge Effective Date:** Based on projections of enplanements and anticipated charged expiration of application No. 11-07-C-00-SUN, charge effective date is estimated to be January 1, 2014.
- **Estimated Charge Expiration Date:** January 1, 2016 (or until collected PFC revenue plus interest thereon equals the allowable costs of the approved projects, as permitted by regulation).
- **Estimated Total PFC Revenue:** \$527,500 based on 0.9 percent annual growth in enplanements beginning in fiscal year 2012 and an 84.4 percent collection rate on enplaned passengers.

Class of Carriers Excluded From Collecting a PFC

FMAA plans to continue to exclude PFC collection from Air Taxi/Commercial Operators (ATCO) filing FAA Form 1800-31. The most recent official enplanement figures, for the year-end December 31, 2010, indicate that these carriers enplaned 252 passengers.

The known carriers in this class and their enplanement levels consist of the following:

<u>ATCO Carriers Filing FAA Form 1800-31</u>	
Aero Jet Services LLC	4
Executive Flight, Inc.	16
Jet Solutions LLC	210
Priester Aviation, Inc.	2
Skybird Aviation, Inc.	20
ATCO Total	<u>252</u>
Airport Total	52,755
Percentage of Airport Total	0.478%

Source: U.S. DOT ACAIS data base, January 26, 2012
Prepared by: Ricondo & Associates, Inc., January 2012

As shown above, the number of passengers enplaned annually by this class of carriers represents an amount less than one percent of the total enplaned passengers at SUN. In accordance with 14 CFR § 158.25, this class of air carriers may be requested to be exempted based on their enplanement levels and cost to SUN to collect PFCs from this class of air carriers.

Airline Consultation Meeting

With the proposed increase to the authorized collection amount, FMAA is required under 14 CFR § 158.23 to hold a consultation meeting with the air carriers to discuss this application. As such, the meeting will be held on April 11, 2012 at 2:00 PM local time in the airport Administration Office.

The following information is provided with this notice for use at the meeting:

- A description of the projects and an explanation of the need for the projects are presented in Attachment A.
- A financial plan for the projects, included in Attachment B as Table 1 and Table 2, which provide the estimated status of PFC authority for all outstanding PFC applications as amended and the funding sources and amounts for all projects included in this PFC application.
- The estimated PFC charge expiration dates for applications six and seven, presented in **Table 3**, which includes the status of FMAA's PFC authority at SUN and PFC revenue collection projections at SUN incorporating the assumptions regarding PFC level, enplanement growth, and the collection rate described above.

If you have any questions or require additional clarification regarding this notice or the air carrier consultation meeting, please feel free to contact me. Additionally, I would appreciate your acknowledging receipt of this notice pursuant to 14 CFR § 158.23(c) (1) by signing a copy of this notice and returning it to me within 30 days.

Sincerely,

Richard Baird
Airport Manager

Attachments

cc: Geoffrey Wheeler, Ricondo & Associates, Inc.

Acknowledged Receipt of Air Carrier Consultation Meeting Notice:

«FirstName» «LastName», «Company»

Date

EXHIBIT A

PROJECT DESCRIPTIONS & JUSTIFICATIONS

1. Purchase Snow Removal Equipment

Project Cost:

Equipment: \$280,000

Administration & Engineering: \$20,000

Total Project Cost: \$300,000

Funding:

PFC Pay-go: \$300,000 (Total Project)

Start Date: May 2012

End Date: June 2013

Description:

This project is for the acquisition of Snow Removal Equipment (SRE) for for use at SUN by FMAA. The intended equipment includes a Front-End Loader w/ 6 yd Bucket, J Plow and Ramp Plow. Equipment is required for continued ability to enable/enhance FMAA's winter operations capabilities.

Justification:

This equipment will serve to replace an aging Front End Loader (1989) and equipment that has aged well beyond the FAA-determined life cycle for equipment attrition. The existing equipment, while serviceable has exceeded the limit of reliability for primary response snow removal apparatus.

2. Security Improvements

Funding:

PFC Pay-go: \$209,000 (Total Project)

Start Date: May 2012

End Date: June 2013

Description:

This project is for the acquisition of various airport security improvements and enhancements by FMAA. Improvements and enhancements are needed in order to maintain/improve current levels of security at SUN and to include continued compliance with the Transportation Security Administration (TSA).

Improvements and Enhancements:

- Electronic vehicle gates (replacement) - 4 @ \$35,000 each = \$140,000.
Maintenance on existing gates will soon exceed the cost of replacement.
- Wireless infrastructure improvements (airport perimeter access points) – \$16,000.
- Access control improvements - Audio alarms, visual strobes and monitoring – \$15,000.
Terminal access points that enter into the SIDA; sterile area, passenger arrivals doors and air carrier doors that enter into the SIDA (baggage makeup areas)
- Access control improvements, door access - \$10,000.
TSA passenger screening checkpoint, sterile area
- CCTV improvements – Eight additional cameras - \$28,000.
TSA passenger screening checkpoint, sterile area

Justification:

The security improvements and enhancements will replace aging equipment that due to frequent maintenance exceeds the cost of replacement. Improvements and enhancements will ensure continued compliance with TSA directives and specific requests from TSA regulatory representatives.

3. Implementation & Administrative Costs for PFC Application No. 8

Funding:

PFC Pay-go: \$18,500 (Total Project)

Start Date: December 2011

End Date: July 2012

Project Description.

This project includes professional fees for services provided by FMAA's consultants in developing, implementing, and coordinating, the PFC Program at SUN.

Project Justification.

FMAA's administrative costs are PFC eligible under Part 158.13 and development associated with this application will preserve and enhance safety and airfield capacity. This effort will cover developing and filing this new PFC Application No. 8. Administrative costs are allowable if necessary and reasonable in the implementation of approved projects.

EXHIBIT B

FINANCIAL INFORMATION

Table 1**Current Status of PFC Authority**

Application	Approved for Collection	Approved for Use	Expenditures 12/31/11	Remaining Authority
93-01-C-00-SUN	\$188,000	\$188,000		
93-01-C-01-SUN	0	0		
Total 93-01-C-00/01-SUN	\$188,000	\$188,000	\$188,000	\$0
94-02-C-00-SUN	\$144,637	\$144,637		
94-02-C-01-SUN	68,321	68,321		
94-02-C-02-SUN	0	0		
Total 94-02-C-00/01/02-SUN	\$212,958	\$212,958	\$212,958	\$0
96-03-C-00-SUN	\$621,000	\$0		
96-03-C-01-SUN	(54,665)	0		
96-03-C-02-SUN	(8,204)	0		
Total 96-03-C-00/01/02-SUN	\$558,131	\$0	\$0	\$0
99-04-C-00-SUN	\$1,085,105	\$1,651,440		
99-04-C-01-SUN	(\$134,359)	(\$134,359)		
99-04-C-02-SUN	0	(8,204)		
Total 00-04-C-00/01/02-SUN	\$950,746	\$1,508,877	\$1,508,877	\$0
05-05-C-00-SUN	\$711,054	\$711,054		
05-05-C-01-SUN	35,159	35,159		
05-05-C-02-SUN	(2,225)	(2,225)		
Total 05-05-C-00/01/02-SUN	\$743,988	\$743,988	\$739,283	\$4,705
07-06-C-00-SUN	\$691,368	\$691,368		
07-06-C-01-SUN	71,858	71,858		
07-06-C-02-SUN	(54,029)	(54,029)		
Total 07-06-C-00/01/02-SUN	\$709,197	\$709,197	\$709,197	\$0
Total 11-07-C-00-SUN	\$505,918	\$505,918	\$106,389	\$399,529
Totals	\$3,868,938	\$3,868,938	\$3,464,704	\$404,234

Source: Friedman Memorial Airport Authority, January 2012

Prepared by: Ricondo & Associates, Inc., January 2012

Table 2

Project Funding		Project Funding Sources		
		Project Gross Cost	FAA Grants	PFC
1	Purchase Snow Removal Equipment	\$300,000	-	\$300,000
2	Security Improvements	209,000	-	209,000
3	PFC Administrative Costs for Application 12-08-C-00-SUN	18,500	-	18,500
Total		\$527,500	-	\$527,500

Source: Friedman Memorial Airport Authority, January 2012

Prepared by: Ricondo & Associates, Inc., January 2012

Table 3

Estimated PFC Charge Expiration Dates

Approved PFC collection authority

Application #1	93-01-C-00-SUN	\$188,000	Source: FAA approval letter June 29, 1993
Application #1 amendment	93-01-C-01-SUN	-	Source: FAA approval letter June 23, 1994
Application #2	94-02-C-00-SUN	144,637	Source: FAA approval letter December 12, 1994
Application #2 amendment	94-02-C-01-SUN	68,321	Source: FAA approval letter November 28, 1995
Application #2 amendment	94-02-C-02-SUN	-	Source: FAA approval letter August 1, 2007
Application #3	96-03-I-00-SUN	621,000	Source: FAA approval letter February 23, 1996
Application #3 amendment	96-03-I-01-SUN	(54,665)	Source: FAA approval letter February 23, 1999
Application #3 amendment	96-03-I-02-SUN	(8,204)	Source: FAA approval letter June 17, 2006
Application #4	99-04-C-00-SUN	1,085,105	Source: FAA approval letter February 23, 1999
Application #4 amendment	99-04-C-01-SUN	(134,359)	Source: FAA approval letter June 17, 2006
Application #4 amendment	99-04-C-02-SUN	-	Source: FAA approval letter June 17, 2006
Application #5	05-05-C-00-SUN	711,054	Source: FAA approval letter March 29, 2005
Application #5 amendment	05-05-C-01-SUN	35,159	Source: FAA approval letter February 15, 2007
Application #5 amendment	05-05-C-02-SUN	(2,225)	Source: FAA approval letter November 30, 2007
Application #6	07-06-C-00-SUN	691,368	Source: FAA acknowledgement letter May 3, 2007
Application #6 amendment	07-06-C-01-SUN	71,858	Source: FAA acknowledgement letter June 2, 2010
Application #6 amendment	07-06-C-02-SUN	(54,029)	Source: FAA acknowledgement letter February 22, 2011
Application #7	11-07-C-00-SUN	505,918	Source: FAA acknowledgement letter December 14, 2010
Current approved PFC collection authority		\$3,868,938	

Proposed application

Application #8	12-08-C-00-SUN	527,500	Source: FMAA January 2012
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Total PFC Authority including proposed application	\$4,396,438
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PFC Revenues

Fiscal Year ¹	A		B	C=E/B	D=C/A	E (Input)	F (Input)	G=E+F	Cumulative PFC Revenues
	Enplaned Passengers	Annual % Change	Net PFC ³	PFC Eligible Enplaned Passengers	% PFC-Eligible	PFC Collections	PFC Interest Earnings	Total PFC Revenues	
Actual ²									
1993	50,987	1.5%	2.88	3,388	6.6%	9,752	0	9,752	9,752
1994	63,181	23.9%	2.92	64,301	101.8%	187,760	0	187,760	197,512
1995	62,521	-1.0%	2.92	25,912	41.4%	75,663	779	76,442	273,953
1996	65,757	5.2%	2.92	61,038	92.8%	178,231	3,464	181,695	455,649
1997	59,921	-8.9%	2.92	56,469	94.2%	164,890	8,385	173,275	628,924
1998	59,761	-0.3%	2.92	54,758	91.6%	159,892	14,526	174,418	803,342
1999	67,391	12.8%	2.92	68,414	101.5%	199,769	17,961	217,730	1,021,072
2000	71,750	6.5%	2.92	61,584	85.8%	179,825	4,569	184,394	1,205,466
2001	65,064	-9.3%	2.92	65,163	100.2%	190,275	427	190,702	1,396,168
2002	66,007	1.4%	2.92	56,810	86.1%	165,886	84	165,970	1,562,138
2003	75,098	13.8%	2.92	61,781	82.3%	180,400	123	180,524	1,742,662
2004	73,914	-1.6%	2.92	63,946	86.5%	186,722	117	186,839	1,929,500
2005	72,316	-2.2%	3.41	61,824	85.5%	210,820	1,198	212,018	2,141,519
2006	71,836	-0.7%	4.39	65,005	90.5%	285,373	5,689	291,062	2,432,580
2007	70,405	-2.0%	4.39	60,054	85.3%	263,638	4,271	267,910	2,700,490
2008	69,017	-2.0%	4.39	60,097	87.1%	263,827	1,337	265,164	2,965,654
2009	52,596	-23.8%	4.39	40,039	76.1%	175,770	119	175,889	3,141,544
2010	54,319	3.3%	4.39	46,069	84.8%	202,243	60	202,303	3,343,847
2011	52,639	-3.1%	4.39	48,596	92.3%	213,339	270	213,609	3,557,456
Projected ⁴									
2012	52,700	0.1%	4.39	44,500	84.4%	195,400	100	195,500	3,753,000
2013	53,200	0.9%	4.39	44,900	84.4%	197,100	100	197,200	3,950,200
2014	53,700	0.9%	4.39	45,300	84.4%	198,900	100	199,000	4,149,200
2015	54,200	0.9%	4.39	45,800	84.4%	201,100	100	201,200	4,350,400
2016	12,399		4.39	10,500	84.4%	46,100	0	46,100	4,396,500
	3 months								

Estimated charge expiration for Application #1:	\$188,000	October 1, 1994
Estimated charge expiration for Application #2:	\$212,958	May 1, 1996
Estimated charge expiration for Application #3:	\$558,131	June 1, 1999
Estimated charge expiration for Application #4:	\$950,746	June 1, 2005
Estimated charge expiration for Application #5:	\$743,988	August 1, 2007
Estimated charge expiration for Application #6:	\$709,197	January 1, 2011
Estimated charge expiration for Application #7:	\$505,918	January 1, 2014
Estimated charge expiration for Application #8:	\$527,500	January 1, 2016

¹ Fiscal Years Ending September 30.

² FY 1993 includes collections for partial FY 1993.

³ Airline administration fee equal to \$0.12 through June 1994, \$0.08 from July 1994 through April 2004, and \$0.11 beginning May 2004.

⁴ Projections beyond FY 2011. Annual interest earnings during forecast period assumed to be 0.05% of annual collections. The percentage of PFC-eligible enplaned passengers is based on the average for actual collections for FY 2009 through FY 2011.

Sources: Friedman Memorial Airport Authority, January 2012 and Ricondo & Associates, Inc., January 2012
Prepared by: Ricondo & Associates, Inc., January 2012