

Airports Division P.O. Box 20636 Atlanta, GA 30320-0631

Phone: 404-305-6700

September 6, 2006

Ms. Danette Bewley, Executive Director Jacksonville International Airport P.O. Box 18018
Jacksonville, Florida 32229-0018

Dear Ms. Bewley:

In accordance with section 158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), the Federal Aviation Administration (FAA) has approved your application, to impose a passenger facility charge (PFC) at the Jacksonville International Airport (JAX) and to use PFC revenue at JAX. The authority to impose a PFC is contingent on your continued compliance with the terms of the regulation and other conditions included in this letter.

The enclosed Final Agency Decision (FAD) includes the FAA's reasons for the decision to approve the proposed projects for collection and use of PFC revenue at JAX. The FAA's findings and determinations required by statute and Part 158 are also included in the FAD.

The FAA has approved authority to impose a PFC and to use PFC revenue for eight projects at JAX. The total approved PFC revenue to be collected for this application is \$267,389,352.

The FAA has also approved your request to exempt that class of air carriers defined as air taxi/commercial operators filing FAA Form 1800-31. We request that you notify the carriers in the excluded class, which were listed in your application, of this exemption.

We wish to point out a potential conflict between the definition of airport revenue bonds and conditions contained in your PFC approval. Specifically, bond resolutions may define pledged airport revenues in broad terms which may be interpreted to include PFC revenues. New bond issues should clarify that use of PFC revenues is limited to the allowable costs of approved PFC projects. The terms of PFC approval do not permit the use of PFC revenues to pay debt service on any new or outstanding bonds issued to finance other than approved PFC projects.

Reporting, recordkeeping, and auditing requirements for PFC collection are specified in Part 158, Subpart D. Please issue your required quarterly reports in accordance with the previously issued guidance on reports. Also, you are responsible for coordinating

any construction with the appropriate federal offices as you would with any nonfederally funded construction.

You are required to implement those projects approved for the collection and use of PFC's within 2 years of this date. Section 158.33(a)(1) requires the public agency to begin implementation of a project no later than 2 years after receiving approval to use PFC revenue on that project.

We have enclosed the list of advisory circulars with which you must comply in accordance with your certification of assurance number 9, standards and specifications.

Sincerely,

Robert B. Chapman Manager, Airports Division

Enclosures

FINAL AGENCY DECISION

JACKSONVILLE AVIATION AUTHORITY Jacksonville, Florida

Application number 06-09-C-00-JAX to impose a passenger facility charge (PFC) at the Jacksonville International Airport (JAX) for use at JAX.

In accordance with §158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), this Final Agency Decision includes all appropriate determinations to approve or disapprove, in whole or in part, imposition of a PFC at JAX and use of PFC revenue on eight projects at JAX.

Procedural History (Dates)

Air carrier consultation meeting: October 13, 2005

Public Notice: October 12, 2005

Federal Aviation Administration (FAA) application receipt: May 10, 2006. FAA finding that application is substantially complete: May 17, 2006.

PFC Level, Amount, and Charge Effective Date

Level of PFC: \$4.50

Total approved net PFC revenue

in this decision: \$ 267,389,352

Earliest charge effective date: January 1, 2008

January 1, 2008, is the "earliest" charge effective date and is based upon the estimated charge expiration date for the previously approved collections in application 03-08-C-00-JAX, as amended. If the Jacksonville Aviation Authority (JAA) changes the charge expiration date for the previous application, the charge effective date for this application will also change, so that the JAA can continue to collect the authorized amount of PFC revenue without a cessation in collections. Section158.43(c) contains information regarding notification to air carriers and foreign air carriers of the charge effective date and changes to the charge expiration date. In establishing its charge effective date, the public agency must comply with §158.43(b)(3), which states, in part, that the charge effective date will be the first day of a month which is at least 60 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The JAA is authorized to impose a PFC at JAX until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes

first. Based on information submitted by the JAA, the FAA estimates the charge expiration date for this decision to be December 1, 2023.

Cumulative PFC Authority Including Current Decision

DECISION SUMMARY TABLE

Application Number	Approved for Collection	Approved for Use
93-01-C-00-JAX	\$12,258,255	\$5,245,954
93-01-C-01-JAX	51,174	0
93-01-C-02-JAX	(767,480)	(1,974,299)
96-02-C-00-JAX	18,135,750	9,332,225
96-02-C-01-JAX	(377,500)	0
96-02-C-02-JAX	744,842	1,289,207
96-02-C-03-JAX	539,117	580,513
96-02-C-04-JAX	1,171,630	0
97-03-U-00-JAX	0	10,567,500
97-03-U-01-JAX	0	(41,396)
97-03-U-02-JAX	0	1,171,630
99-04-C-00-JAX	5,010,000	5,010,000
99-04-C-01-JAX	130,741	130,741
00-05-C-00-JAX	13,081,065	5,839,815
00-05-C-01-JAX	<u>(</u> 9,266,135)	(2,024,885)
01-06-U-00-JAX	0	5,584,454
01-07-C-00-JAX	28,181,513	28,181,513
01-07-C-01-JAX	(28,181,513)	(28,181,513)
03-08-C-00-JAX	68,357,263	68,357,263
03-08-C-01-JAX	4,924,263	4,924,263
06-09-C-00-JAX	267,389,352	267,389,352
Totals	\$381,382,337	\$381,382,337

Project Approval Determinations

For the projects approved in this Final Agency Decision and for the application as a whole, the FAA made the following determinations:

- The amount and duration of the PFC will not result in revenue that exceeds the amount necessary to finance the projects.
- Each project approved at a \$3 or lower level meets at least one of the objectives set forth in §158.15(a); and is eligible in accordance with §158.15(b) (as set forth in the individual project determinations); and is adequately justified in accordance with §158.15(c) and paragraph 4-8 of FAA Order 5500.1, Passenger Facility Charge (August 9, 2001).

- Each project approved at a PFC level above \$3.00 will make a significant contribution in accordance with §158.17(b) (as set forth in the individual project determinations).
- Each project approved for collection at a PFC level above \$3, meets the
 requirements of §158.17(a)(2). In all cases, the FAA has determined that
 Airport Improvement Program (AIP) funds are not expected to be available to
 fund the project in whole or in part.
- For those surface transportation or terminal projects approved for collection at a PFC level above \$3, the requirements of §158.17(a)(3) have been met. For each such project approved in this Final Agency Decision, the FAA has determined that the public agency has made adequate provisions for financing the airside needs at the airport including runways, taxiways, aprons, and aircraft gates.
- The collection process, including a request by the public agency not to require a class or classes of carrier to collect PFC, is reasonable, not arbitrary, nondiscriminatory, and otherwise in compliance with the law.
- The public agency has not been found to be in violation of §9304(e) or §9307 of the Airport Noise and Capacity Act (ANCA) of 1990 (since codified at 49 U.S.C. 47524 and 47526), as discussed more fully below under a separate heading.
- All project-related requirements pertaining to the airport layout plan and airspace studies have been met. Environmental requirements (§158.29(b)(1)(iv)) are discussed under a separate heading below.
- The total approved net PFC revenue includes debt service and financing costs of PFC approved projects. Any PFC revenue collected in excess of debt servicing requirements shall be used for approved projects or retirement of outstanding PFC-financing costs.
- This Final Agency Decision includes approval of impose authority for a project that the public agency proposes to finance in part with discretionary AIP grants. This authority is being approved based on assurances contained in the public agency's application indicating that it will have other financial resources available to fund the project if AIP discretionary funds are not available or are less than anticipated. The FAA's approval of this project does not constitute a Federal commitment of AIP discretionary funds.

<u>Projects Approved for Authority to Impose and Use the PFC at JAX at a</u> \$4.50 Level

<u>Description</u>:

Design and Construction of Concourse A&C

Financing and Interest

Total

Approved Amount\$ 85,042,000
\$119,229,824
\$204,271,824

This project consists of replacing the 40-year-old concourses A and C with new modern functional and maintainable concourses. The project will include the design and construction of 20 new gates to replace the 17 existing gates in concourses A and C, and the demolition of the old concourses. The current concourses measure 214,000 square feet and will be replaced with new structures that measure 254,000 square feet. Furniture and fixtures for the holdrooms will be purchased and installed. A "moving sidewalk" people mover will be included in each concourse to reduce passenger walking distance. Upgrades to the Hold Baggage Screening and baggage conveyor system are also included. Twenty new loading bridges will be purchased and installed, one at each new gate. Together with the later phased reconstruction and expansion of Concourse B, the new concourses will increase the level of service provided to passengers and will position the airport to be able to accommodate up to 4 million enplaned passengers annually, forecasted to occur around 2015.

Determinations:

Approved for collection and use.

Significant contribution: This project will increase competition among air carriers. JAX currently has only two common-use gates available for new entrant airline operations, and one gate for international and charter operations. The two common-use gates are used almost full-time by existing airlines, resulting in a 94 percent gate usage rate. Only the international gate is not used on a regular basis. After the new concourses are completed, JAX will have three jet-bridge loaded gates available for new entrant carriers and one jet-bridge loaded gate capable of handling international operations. Assuming 10 turns per day, the new concourses will provide for approximately 7,000 annual operations by new entrant carriers.

The existing concourses are almost 40 years old and were not designed to accommodate larger aircraft or to provide bridge loading for today's smaller regional jets. The current terminal configuration limits some of the gates on the east side of Concourses A and C to smaller aircraft. This limits JAX's ability to respond to airline requirements on these gates. The new concourse configuration will allow JAX to serve any size aircraft on any gate without impacting other aircraft. This will allow JAX flexibility to accommodate new entrant carriers as well as the needs of existing carriers.

In 2005, JAX enplaned 2.8 million passengers, or 112 percent of its service capacity. At certain times of the day, concourses A and C are congested with enplaning and deplaning passengers from the larger aircraft. Also, the holding areas around gates get congested with passengers waiting for flights at adjoining gate areas. Without the expansion of the concourses, this overcrowding will worsen as passenger traffic increases at the airport. The JAA forecasts that JAX will handle 4 million annual enplaned passengers by 2015. The new concourses will add three additional jet bridge loaded gates. They will also contain larger gate holding areas. This will provide new entrant carriers with space to operate.

The majority of gates at JAX are currently leased on an exclusive-use basis. As part of its PFC consultation process for this application, JAX reached an agreement with all Signatory Airlines to extend the Airline Agreement to fiscal year 2012, with the stipulation that all airline space be leased on a preferential-use basis. This will allow JAX to relocate existing carriers if necessary to provide gates for new entrant carriers, and to maximize the efficient use of gate space. For further flexibility, JAX will retain three gates to be leased on a common-use basis. In addition, JAX will establish common-use holdrooms at all 20 of the new gates. This will allow for much better demand management and ease of access for new entrant carriers at a reduced cost per enplanement.

Finally, the 20 new jet bridge loaded gates will allow for additional phased gate expansion within the existing terminal footprint as demand dictates. Along with a new Concourse B, which could be expanded to provide 6 to 20 additional gates, JAX will be positioned to react quickly to accommodate future new entrant carriers and the growth of existing carriers as demand increases.

Basis for eligibility: Paragraph 601 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005) and PFC eligible in accordance with §158.15(b)(6), "gates and related areas".

Estimated total project cost: \$ 237,971,824

Proposed sources of financing: PFC revenue, state grants, non-PFC GARBs, and local funds.

Apron Related to Construction of New Terminal

 Building
 \$22,987,000

 Financing and Interest
 \$32,228,028

 Total
 \$55,215,028

This project includes the design and construction of about 221,000 square yards of new Portland cement concrete pavement in support of the Concourse A&C project. Included in the project are apron drainage, pavement underdrain, water and sanitary sewer service/relocations, pavement demolition, earthwork, sodding, pavement markings, electrical and communications duct bank service/relocations, and taxilane edge lighting. This project is necessary to increase the capacity of the ramp to accommodate an increased number of

aircraft and aircraft of increased size, and to simplify relocation and expansion of the existing terminal concourses.

Determinations:

Approved for collection and use.

Significant contribution: This project is in support of the Concourse A&C project, which will increase competition among air carriers. JAX currently has only two common-use gates available for new entrant airline operations, and one gate for international and charter operations. The two common-use gates are used almost full-time by existing airlines, resulting in a 94 percent gate usage rate. Only the international gate is not used on a regular basis. After the new concourses are completed, JAX will have three jet-bridge loaded gates available for new entrant carriers and one jet-bridge loaded gate capable of handling international operations. Assuming 10 turns per day, the new concourses will provide for approximately 7,000 annual operations by new entrant carriers.

The existing concourses are almost 40 years old and were not designed to accommodate larger aircraft or to provide bridge loading for today's smaller regional jets. The current terminal configuration limits some of the gates on the east side of Concourses A and C to smaller aircraft. This limits JAX's ability to respond to airline requirements on these gates. The new concourse configuration will allow JAX to serve any size aircraft on any gate without impacting other aircraft. This will allow JAX flexibility to accommodate new entrant carriers as well as the needs of existing carriers.

In 2005, JAX enplaned 2.8 million passengers, or 112 percent of its service capacity. At certain times of the day, concourses A and C are congested with enplaning and deplaning passengers from the larger aircraft. Also, the holding areas around gates get congested with passengers waiting for flights at adjoining gate areas. Without the expansion of the concourses, this overcrowding will worsen as passenger traffic increases at the airport. The JAA forecasts that JAX will handle 4 million annual enplaned passengers by 2015. The new concourses will add three additional jet bridge loaded gates. They will also contain larger gate holding areas. This will provide new entrant carriers with space to operate.

The majority of gates at JAX are currently leased on an exclusive-use basis. As part of its PFC consultation process for this application, JAX reached an agreement with all Signatory Airlines to extend the Airline Agreement to fiscal year 2012, with the stipulation that all airline space be leased on a preferential-use basis. This will allow JAX to relocate existing carriers if necessary to provide gates for new entrant carriers, and to maximize the efficient use of gate space. For further flexibility, JAX will retain three gates to be leased on a common-use basis. In addition, JAX will establish common-use holdrooms at all 20 of the new gates. This will allow for much better demand management and ease of access for new entrant carriers at a reduced cost per enplanement.

Finally, the 20 new jet bridge loaded gates will allow for additional phased gate expansion within the existing terminal footprint as demand dictates. Along with a new Concourse B, which could be expanded to provide 6 to 20 additional gates, JAX will be positioned to react quickly to accommodate future new entrant carriers and the growth of existing carriers as demand increases.

Basis for eligibility: Paragraph 526 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).

Estimated total project cost: \$75,878,583.

Proposed sources of financing: PFC revenue, existing AIP grants #3-12-0035-040-2005 and #3-12-0035-041-2006, a future AIP grant of discretionary funds, and local funds.

JAX Apron, Taxiway and ARFF Hardstand Pavement Rehabilitation

\$400,000

This project consists of replacing about 60 percent of the existing 6-inch concrete pavement at the Airport Rescue and Firefighting (ARFF) facility with recompacted subgrade, a 6-inch porous blanket with underdrains and 10 inches of new Portland concrete pavement. The remaining pavement will have cracks sealed to extend its useful life. Approximately 2,450 square yards of the existing pavement has failed and the remainder of the pavement has 750 linear feet of cracks that need to be repaired. The heavy-duty pavement is needed to support the 75,000-pound ARFF trucks.

Determinations:

Approved for collection and use.

Significant contribution: This project will significantly improve air safety. Rapid ARFF response to aircraft incidents is a requirement of 14 CFR Part 139. The pavement has outlived its useful life and is deteriorating. Foreign object debris (FOD) resulting from this deterioration could damage ARFF vehicles and prevent them from responding quickly to aircraft incidents.

Basis for eligibility: Paragraph 525, 526 and 527 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).

Proposed sources of financing: PFC revenue.

ARFF Vehicle \$850,000

This project consists of the purchase of a 3,000-gallon Airport Rescue and Firefighting (ARFF) vehicle to provide emergency services and associated rescue equipment to the airport in the event of an accident or incident. The new vehicle will replace equipment that was bought in 1997 and has outlived its useful life.

Determinations:

Approved for collection and use.

Significant contribution: This project will significantly improve air safety.

Functional ARFF equipment is a requirement of 14 CFR Part 139.

Basis for eligibility: Paragraph 541 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).

Proposed sources of financing: PFC revenue.

Projects Approved for Authority to Impose and Use the PFC at JAX at a \$3.00 Level

JAX Aircraft ADA Lift

\$100,000

This project consists of acquiring the ADA lift equipment required to transport passengers from the apron to commercial aircraft sized for 19 to 30 passengers and visa versa. This project is required to comply with DOT Regulation 49 CFR Part 27.

Determinations:

Approved for collection and use. PFC objective: Enhance Safety.

Basis for eligibility: Paragraph 601 of FAA Order 5100.38C, AIP Handbook

(June 28, 2005).

Proposed sources of financing: PFC revenue

The JAA requested that this project be approved for collection at a \$4.50 level. However, the FAA determined that this project did not meet the significant contribution requirement; therefore, the project is not approved at the \$4.50 level as requested by the JAA. The JAA noted that the project is required to comply with DOT Regulation 49 CFR Part 27 and will enhance the safety of passengers at JAX. However, it is not required by FAR Part 139; therefore, does not "significantly contribute" to improving air safety.

JAX Airport Master Plan Update

\$525,000

This project provides for an update of the JAX 2001-2002 Airport Master Plan. This is required to ensure planning for the airport remains current and reflects current operational forecasts and business and community conditions. The project includes an update of the Exhibit A property map and an updated 5-year capital improvement plan.

Determinations:

Approved for collection and use.

PFC Objective: Preserve and enhance capacity

Basis for eligibility: Paragraph 406 of FAA Order 5100.38C, AIP Handbook,

(June 28, 2005).

Estimated total project cost: \$600,000

Proposed sources of financing: PFC revenue and state grants.

The JAA requested that this project be approved for collection at a \$4.50 level. However, the FAA determined that this project did not meet the significant contribution requirement; therefore, the project is not approved at the \$4.50 level as requested by the JAA. The material submitted for this project did not demonstrate that the project makes a significant contribution to improving air safety or air security, reducing current or anticipated congestion, increasing competition among air carriers, or mitigating noise impacts at JAX. This project involves planning studies that do not, in and of themselves, produce quantitative or qualitative benefits to the traveling public.

Land Acquisition

\$6,000,000

This project consists of the acquisition of land for runway protection zones and noise zones needed to protect the existing runway 7-25, as well as the future south parallel runway 7R-25L, from non-compatible residential development. It will also provide areas for wetland mitigation in support of the runway construction. By acquiring this property, the airport will be able to maintain control of the runway protection zones, control the land uses within the 65 DNL noise contour, and use the properties for wetland mitigation needed to construct the future parallel runway.

The current JAX master plan recommends that the proposed runway be constructed when JAX's operations exceed the capacity of the existing two-runway system. The JAA forecasts that JAX may operate at 60 percent of its annual service volume capacity (ASV) by 2010 and at 80 percent of its ASV by 2015. The land around JAX is experiencing considerable transition from compatible agricultural uses to non-compatible residential uses. This development is causing land costs to increase by as much as 700 percent, from \$5,000-10,000 per acre to \$40,000-75,000 per acre.

Determinations:

Approved for collection and use.

PFC Objective: Enhance capacity and mitigate noise impacts.

Basis for eligibility: Paragraphs 703 and 704 of FAA Order 5100.38C, AIP

Handbook, (June 28, 2005).

Proposed sources of financing: PFC revenue

The JAA requested that this project be approved for collection at a \$4.50 level. However, the FAA determined that this project did not meet the significant contribution requirement; therefore, the project is not approved at the \$4.50 level as requested by the JAA. The land to be acquired is currently undeveloped. Therefore, while the acquisition of the land will allow the airport to control land uses in areas potentially impacted by future airport noise, thus preventing potential future noise impacts on people living near the airport, it will not reduce

the impact of aviation noise on people currently living near the airport. In addition, while the proposed future runway may make a significant contribution to reducing current or anticipated congestion at such time it is needed, it is too early to make that determination now.

PFC Implementation and Administrative Costs

\$27,500

This project includes professional fees for services rendered by the JAA's consultants in developing, implementing, and coordinating the PFC program at JAX.

Determinations:

Approved for collection and use.

PFC Objective: Preserve and enhance safety and capacity

Basis for eligibility: PFC eligible in accordance with §158.3, "allowable cost".

Proposed sources of financing: PFC revenue.

The JAA requested that this project be approved for collection at a \$4.50 level. However, the FAA determined that this project did not meet the significant contribution requirement; therefore, the project is not approved at the \$4.50 level as requested by the JAA. The material submitted for this project did not demonstrate that the project makes a significant contribution to improving air safety or air security, reducing current or anticipated congestion, increasing competition among air carriers, or mitigating noise impacts at JAX. This project does not, in and of itself, produce quantitative or qualitative benefits to the traveling public.

Calculation of PFC Level

The FAA determined that four of the eight projects in the application for which the JAA requested a higher PFC level did not meet the requirements of §158.17(b). The FAA has determined that 97.5 percent of the total PFC value of the approved projects is collectible at a \$4.50 level, thus is authorizing the \$4.50 collection level for the entire application.

To ease the burden of administering the PFC program, paragraph 10-18 of FAA Order 5500.1, Passenger Facility Charge, permits the FAA to authorize the premium collection on the combined application projects when a sufficient value of projects in the application can be shown to satisfy the higher standards associated with the higher PFC charge. In the case of this application, the FAA has determined that 97.5 percent of the total PFC value of the approved projects is collectible at \$4.50, thus is authorizing the \$4.50 collection level for the entire application in accordance with the procedures discussed in paragraph 10-18 of FAA Order 5500.1, Passenger Facility Charge, (August 9, 2001).

Environmental Requirements

The projects approved in this application for concurrent authority to impose and use the PFC were examined under the guidelines contained in FAA Order 5050.4A, Airport Environmental Handbook (1985) and these projects have been determined to be categorically excluded from the requirement for formal environmental review. There appear to be no extraordinary circumstances requiring further review.

Request Not to Require a Class or Classes of Carriers to Collect PFC's.

The JAA requests that the following classes of air carriers be excluded from the requirement to collect PFC's: air taxi/commercial operators (ATCO)

<u>Determination:</u> Approved. Based on information contained in the JAA's application, the FAA has determined that the proposed class accounts for less than 1 percent of JAX's total annual enplanements. The JAA should confirm, on an annual basis using prior year enplanement data, that the approved class does not exceed 1 percent of the total enplanements at JAX.

Compliance with the Airport Noise and Capacity Act of 1990 (ANCA)

The FAA is not aware of any proposal at JAX which would be found to be in violation of the ANCA. The FAA herein provides notice to the JAA that a restriction on the operation of aircraft at JAX must comply with all applicable provisions of the ANCA and that failure to comply with the ANCA and Part 161 makes the JAA subject to provisions of Subpart F of that Part. Subpart F, "Failure to Comply With This Part," describes the procedures to terminate eligibility for AIP funds and authority to collect PFC revenues.

Compliance with Subsection 47107(b) Governing Use of Airport Revenue

As of the date of this approval the Jacksonville Aviation Authority has not been found to be in violation of 49 U.S.C. 47107(b) or in violation of grant assurances made under 49 U.S.C. 47107(b).

Public Notice Comments

The JAA did not receive any comments in response to the notice inviting public comments on this application.

Legal Authority

This decision is made under the authority of 49 U.S.C. 46110 and 40117, as amended. This decision constitutes a final order to approve, in whole or in part, the Jacksonville Aviation Authority's application to impose a PFC and use PFC revenue on eight projects at JAX. Any party to this proceeding having a substantial interest may appeal this decision to the courts of appeals for the United States or the United States Court of Appeals for the District of Columbia upon petition, filed within 60 days after issuance of this decision.

Concur	Original signed by James T. Castleberry	<u>September 6, 2006</u>
	Manager, Southern Region	Date
	Airports Division	
Nonconcu	·	Date