

03/27/2017

Aviation Group Client Update

Shelley A. Ewalt, Partner | sewalt@mklawny.com | +1 703 399 6078

GAO PROVIDES TESTIMONY ON FAA'S AND INDUSTRY'S COST ESTIMATES FOR AIRPORT DEVELOPMENT.

On March 23, 2017, GAO [testified](#) before the Senate Subcommittee on Aviation Operations, Safety, and Security, Committee on Commerce, Science, and Transportation concerning the FAA and industry's estimates for airport development. The administration's call to boost spending on public infrastructure has renewed attention on the importance of maintaining and improving airport infrastructure.

Background. There are roughly 3,300 airports eligible for AIP grants based on their designation by FAA as part of the national airport system. To fund development, in addition to AIP grants, airports rely on locally generated revenues and federally authorized Passenger Facility Charges (PFCs), which are added to the price of an airline ticket and have been capped at \$4.50 per flight segment.

Summary. GAO's testimony discussed: (1) the differences between estimates of airports' planned development costs, (2) the federal funding and other airport funding and revenues that may be available to defray development costs, and (3) the implications of increasing the cap on PFCs, among other objectives. GAO had previously testified on data from March 1998 through April 2015.

Findings. The FAA estimates that costs for planned capital development at airports over the next five years is about \$32.5 billion, compared to the Airports Council International-North America's (ACI-NA) estimate of almost \$100 billion, both for the period 2017-2021. The difference between these two estimates is mostly attributed to the types of projects included in the estimates. FAA's estimate is limited to projects that are eligible for AIP grants that do not already have funding arranged, whereas ACI-NA's estimates include all projects regardless of AIP eligibility or whether funding is arranged. Since 2015, FAA's estimate has decreased by \$1 billion whereas ACI-NA's has increased by \$24.4 billion.

If you have any questions or would like further information, please contact Shelley Ewalt.

* * * * *

McBreen & Kopko's Aviation Group represents air carriers, fixed base operators (FBOs), airport managers, aviation service providers, and business aircraft owners and operators on a wide range of aviation issues including regulatory matters, commercial transactions, aircraft finance matters, and bankruptcy and creditors' rights.