



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Submit Passenger Facility Charge Application #18 to the Federal Aviation Administration in the amount of \$53,454,553 and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act.

Submitted By: Craig Simon, Director of Aviation; Kristi McKenney, Executive Director

Parties Involved: Federal Aviation Administration, Walnut Creek, CA

Amount: \$53,454,553 (Non-Operating Revenue)

EXECUTIVE SUMMARY: The Port of Oakland (Port), owner and operator of the Oakland Airport (Airport or OAK), has determined the need to submit to the Federal Aviation Administration (FAA) a Passenger Facility Charge (PFC) Application to impose and use PFC revenue to fund, in whole, or, in part, certain eligible improvements at the Airport. PFC Application #18 (PFC #18) includes \$53,454,553 in PFC revenue to fund certain PFC eligible costs for Airfield, Terminal, and Security Projects, and includes funding for eight specific projects. All projects have been completed or are expected to be completed by 2028. PFC Application #18 will extend the Port's PFC collection period authority to approximately May 2037.

BACKGROUND & ANALYSIS

The Port has participated in the federal PFC Program since 1992. The program allows airports to collect PFCs to fund FAA approved projects that enhance safety, security or capacity, reduce noise, or increase air carrier competition. PFCs, different from Airport Improvement Program grants, are considered local monies and are not grants. As long as the airport has an approved application for eligible projects, they may collect PFCs. The current PFC level for OAK is \$4.50 per revenue passenger (the maximum allowed). The Airport has filed 17 separate applications since 1992 for a total approved collection and use authority to-date of approximately \$892 million.

PFC #18 includes the request to impose and use PFCs to fund, in whole, or, in part, certain PFC eligible costs for Airfield, Terminal, and Security Projects for eight specific projects. The Port has initiated the PFC #18 process including extensive coordination with the FAA. In accordance with Section 158.53(a) of 14CFR Part 158, notification to the airlines and public of the intent to file a PFC application was published. As required, the Port also held an air carrier consultation meeting on May 19, 2025 to brief the airlines on the projects included in PFC #18. Within 30 days (June 18, 2025) of the airline consultation meeting, each carrier was to provide the Port with a written certification of its agreement or disagreement with the proposed projects in the application. By June 18, all airlines agreed with all projects, either through written response or by not responding, which is interpreted as agreement.

PFC #18 incorporates funding to accommodate project and debt financing costs. Seven of the eight specific projects are either under construction in FY 2026 or construction is already complete. In the application, it is assumed that a portion of the costs are or will have to be debt financed because ongoing PFC-eligible expenses will outstrip PFC collections. The proportion of “pay-go” versus “debt” financing for a given project will depend on the timing of project expenditures, but the assumption used provides the Port the maximum flexibility to determine what that proportion will be. Table 1 shows a financial summary of PFC #18 projects.

Table 1
PFC #18 Financial Summary

<u>Project Description</u>	<u>Estimated Project Costs</u>	<u>Estimated PFCs Applied to Project Costs</u>	<u>Estimated PFC Financing & Interest</u>	<u>Estimated Total PFC</u>
1. Taxiway Tango Rehabilitation	\$15,897,350	\$2,701,594	\$ -	\$2,701,594
2. Taxiway Whiskey Rehabilitation	\$101,312,712	\$16,948,152	\$1,942,927	\$18,891,079
3. Runway 10R/28L Rehabilitation	\$27,127,267	\$4,306,208	\$544,066	\$4,850,274
4. Taxiway Bravo Pavement Rehabilitation	\$7,846,710	\$1,246,313	\$157,465	\$1,403,778
5. Terminal Restroom Renovations, Phase 1	\$17,005,915	\$3,646,284	\$557,151	\$4,203,435
6. Passenger Boarding Bridge Replacement, Phase 1	\$10,600,000	\$10,600,000	\$830,886	\$11,430,886
7. Anti-Ram Gates	\$1,639,718	\$1,400,722	\$ -	\$1,400,722
8. Airport Perimeter Dike Seismic Improvement Project, Phase 2	\$52,687,660	\$7,791,428	\$781,357	\$8,572,785
TOTAL	\$234,117,332	\$48,640,701	\$4,813,852	\$53,454,553

The following describes the projects that are included PFC #18.

Preserving Airfield Safety & Capacity Projects

This PFC application covers the local share of the design and construction eligible project costs that were not covered by other FAA grant funds. These projects meet PFC criteria by preserving air safety, security, and capacity at OAK. The projects also maximize the use of existing airfield assets and provide an opportunity for enhanced competition between or among air carriers at OAK.

Project #1 – Taxiway Tango Rehabilitation

Total PFC funding for Project #1 is **\$2,701,594** and reflects the actual costs at completion. The Taxiway Tango Rehabilitation project was completed in 2022 and included the design and construction of the taxiway pavement and lighting between Taxiway Sierra and Taxiway Uniform. The rehabilitated portion of Taxiway Tango is approximately 1,300 ft long by 75 ft wide and constructed of asphalt concrete surface. The project modernized the taxiway airfield geometry, pavement, and lighting to align with the latest design standards.

Project #2 – Taxiway Whiskey Rehabilitation

Total PFC funding for Project #2 is estimated at **\$18,891,079**, including financing cost of **\$1,942,927**. The Taxiway Whiskey Rehabilitation project was designed to be constructed in three phases, beginning in July 2023 and is expected to be concluded in November 2026. The project consists of the modernization of airfield geometry to align with the latest design standards using a multi-phased approach that will ensure a comprehensive pavement and lighting solution. In total, 9,400 feet of Taxiway Whiskey will be rehabilitated in three phases: Phase 1 (completed in 2023) included 1,900 feet, and Phase 2 (completed in 2024) included 4,500 feet. Phase 3 addresses another 3,000 feet and is programmed to be completed in 2026.

Project #3 – Runway 10R-28L Rehabilitation

Total PFC funding for Project #3 is estimated at **\$4,850,274**, including financing cost of **\$544,066**. The Runway 10R-28L Rehabilitation project began construction in July 2025 and is expected to be concluded in November 2025. The project includes design and construction of runway pavement, pavement marking, and lighting. The runway surface is made of asphalt concrete and spans a length of 6,213 feet, with a width of 150 feet.

Project #4 – Taxiway Bravo Pavement Rehabilitation

Total PFC funding for Project #4 is estimated at **\$1,403,778**, including financing cost of **\$157,465**. The Taxiway Bravo Pavement Rehabilitation project will be constructed as part of the Runway 10R-28L Rehabilitation project, beginning construction in July 2025 and is expected to be concluded in November 2025. The project includes the design and construction of the taxiway pavement and lighting between the Ron Cowan Bridge and Taxiway Charlie, approximately 2,200 ft long by 75 ft wide and constructed of asphalt concrete surface.

Project #8 – Airport Perimeter Dike Seismic Improvement Project, Phase 2

Total PFC funding for Project #8 is estimated at **\$8,572,785**, including financing cost of **\$781,357**. The Airport Perimeter Dike Seismic Improvement Project, Phase 2 began construction in March 2025 and is expected to be concluded in 2028. The design and construction of the project is a priority for seismic resilience and flood protection for the primary commercial service Runway 12-30 to maintain safe aircraft operations at the Airport. This project addresses the seismic improvements necessary to protect the dike from catastrophic damage during a major earthquake.

Preserving Airport Terminal Capacity Projects

This PFC application covers the local share of the design and construction eligible project costs that were not covered by other FAA grant funds for the Terminal Restroom Renovations, Phase 1 project. The Passenger Boarding Bridge Replacement, Phase 1 eligible project costs are solely funded by PFC funding. The projects meet PFC criteria by preserving the capacity of the airport by resolving issues identified with aging terminal infrastructure. These projects also maximize the use of existing airfield assets and provide an opportunity for enhanced competition between or among air carriers at OAK.

Project #5 – Terminal Restroom Renovations, Phase 1

Total PFC funding for Project #5 is estimated at **\$4,203,435**, including financing cost of **\$557,151**. The Terminal Restroom Renovations, Phase 1 project began construction in January 2024 and is expected to be concluded in September 2025. The project began with the renovation of the men's restroom at Gate 3 and will be followed by the reopening of a women's restroom at Gate 4, and the transformation of the existing men's restroom at Gate 7 into single-user family restrooms, accompanied by a dedicated lactation suite. The design and construction of the project includes modern finishes and installation of low water-use fixtures that meet current standards, extend the restroom life cycle, and ease maintenance requirements in the future.

Project #6 – Passenger Boarding Bridge Replacement, Phase 1

Total PFC funding for Project #6 is estimated at **\$11,430,886**, including financing cost of **\$830,886**. The Passenger Board Bridge (PBB) Replacement, Phase 1 projected is expected to begin construction in 2026 and conclude in 2028. This project is Phase 1 of a multi-phase, terminal-wide PBB replacement project, and includes the design and construction of replacement PBBs at Gates 4, 8, 8A, 24, 25, 26, and 27. PBBs have a useful life of approximately 20-years and are maintained by Aviation Facilities staff. The PBBs included in this project have met or exceeded the original 20-year useful lives.

Preserving and Enhancing Airfield Security Project

The Anti-Ram Gates eligible project costs are solely funded by PFC funding. This project meets PFC criteria by significantly preserving and enhancing the security of the air operations area (AOA) at OAK.

Project #7 – Anti-Ram Gates

Total PFC funding for Project #7 is **\$1,400,722** and reflects the actual costs at project completion. The Anti-Ram Gates project was completed in 2020 and included the design and construction of security infrastructure upgrades at the AOA vehicle entrances Alpha-Gate and Bravo-Gate, including drop arm crash barricades, concrete walls at the front and side of guard booths, fencing upgrades to meet new airport standards, pavement reconstruction and striping, and electrical, interface, and system logic upgrades and integration. The project provides security improvements to address vulnerabilities and further safeguard OAK while continuing to facilitate vehicle access to the airfield.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☐ Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

- ☒ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☐ Other/Notes: This exemption is only for the proposed Board Action of submitting the Passenger Facility Charge Application #18 to FAA. Each project included in the PFC #18 has undergone or will undergo CEQA review prior to initiation.

BUDGET

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

☐ Operating

☒ Non-Operating

☐ Capital

Analysis: PFC #18 will result in \$53,454,553 of PFC collection and use authority and is anticipated to extend the Port's PFC collection period authority to approximately May 2037. The FY 2026-2030 capital budget includes the anticipated PFC funding for the projects in this application. Using PFCs minimizes the need to include these capital costs in the Airline rates and charges, thereby helping OAK maintain a competitive rate structure.

PFC #18 also allows the Port to use PFCs to pay for the financing costs, if any, associated with issuing debt to pay for all or a portion of these project costs. Leveraging the PFC revenue stream to fund capital projects is commonly applied in the airport industry when capital costs exceed PFC pay-as-you-go capacity. This strategy is broadly accepted by the FAA, rating agencies, and municipal bond markets.

STAFFING

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.

Reason:

- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

LIVING WAGE (City Charter § 728):

Applies?

<p><u>Applies?</u> No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.</p> <p><input checked="" type="checkbox"/> <u>Additional Notes:</u> The filing of a PFC Application is not within the scope of MAPLA, whereas the construction of the individual projects identified are subject to MAPLA.</p>	<p>No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>
<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> Sustainable opportunities, where feasible, have been, or will be incorporated during the Planning and Design Phases of each individual project.</p>	<p><u>GENERAL PLAN</u> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>Not Required – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	