

FAA Releases Draft of New PFC Order

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FAA has released a draft of a proposed new Order 5500.1B, Passenger Facility Charges. This is the first major revision to Order 5500.1 since it was issued in 2001 and incorporates a number of statutory and policy changes during the intervening 15 years. Recognizing the broad interest in PFC issues among airports, airlines, and other stakeholders, the FAA has taken the unusual step of asking for comments on its proposed Order. Comments are due on September 30, 2016.

The FAA has identified the following important changes in draft Order 5500.1B:

- **Review of draft PFC applications:** Additional detail on the review of draft PFC applications, including the timing of review, role, and expected outcomes is provided to ensure greater consistency within FAA (see Chapter 2).
- **Greater consistency with application reviews:** Additional guidance was provided on the FAA's review of applications and amendments in order to clarify processes and enhance consistency.
- **Time between consultation and application submission:** The updated Order contains language that will allow for up to a one-year period between consultation and application under certain circumstances.
- **Eligibility of terminal projects:** The updated Order contains a standard eligibility percentage (threshold) that can be used during the application process for PFC funded terminal projects.
- **Expanded project evaluation criteria:** The updated Order provides tables containing specific criteria for eligibility, objective, justification, and significant contribution by project type; including projects that are intended to preserve existing infrastructure.
- **Ground access and intermodal projects:** The updated Order establishes criteria for evaluating ground access and intermodal projects.
- **Detailed cost estimates:** FAA is establishing different thresholds for different types of projects when requiring detailed cost estimates.
- **Airside needs test:** Additional guidance is provided regarding the statutory airside needs test.
- **Problematic or questionable projects:** The updated Order establishes a process so that a single problematic project doesn't have to slow down an entire application; including project decision deferrals and the issuance of supplemental PFC decisions (see Paragraph 5.3.5.3.4).
- **Significant contribution for \$4.50 PFC level:** Improvements were made to descriptions and examples of what constitutes significant contribution, improved description of calculation and added cautions on amendments (see Paragraph 5.4.2).
- **Slower than expected collection rates:** The updated Order provides greater clarity on addressing date/duration change issues; for example, when the charge level effective date gets adjusted due to a slower collection rate or erroneous calculation.
- **Air carrier lease and use agreements:** Expanded guidance is provided regarding air carrier lease and use agreements for PFC-funded facilities.
- **Greater transparency of PFC decisions:** The updated Order establishes a policy to create a publicly available database of final PFC decisions on applications and amendments for large and medium hub airports.