



September 18, 2013

The Honorable John A. Boehner
Speaker of the House
United States House of Representatives
1011 Longworth H.O.B.
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
House Minority Leader
United States House of Representatives
235 Cannon H.O.B.
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
317 Russell Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Speaker Boehner and Leaders Pelosi, McConnell and Reid:

The California Airports Council (CAC) urges you to protect vital airport funding by preventing the FAA from potentially using additional Airport Improvement Program (AIP) grant money to alleviate the FAA's budgetary deficit. In Fiscal Year 2013 (FY13), the FAA transferred \$250 million from the program to eliminate furloughs and prevent air traffic control tower closures at the expense of airports' critical infrastructure developments. As we approach another impending round of budget cuts in FY14, airports cannot afford necessary funding drawn from the AIP to resolve financial shortfalls. Using AIP funds as a short term solution for the FAA's operational fiscal constraints could lead to long term, devastating impacts for American airport infrastructure.

The CAC represents the 33 commercial airports within California who collectively serve over 172 million passengers a year, more than any other single state. We are also home to two of the nation's ten largest airports, Los Angeles International and San Francisco International.

California airports have serious concerns about the return of air traffic control furloughs and facility closures and believe it would impede the safety and efficiency of the national airspace system (NAS). We agree this issue needs to be addressed, but using AIP grants to fund FAA

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operations is not an appropriate solution. This notion is extremely impractical for airports who would be forced to sacrifice essential construction projects once again, forfeiting local job creation and economic investment.

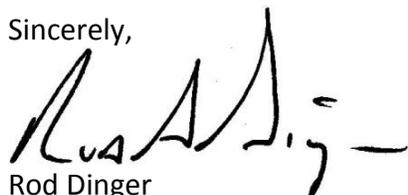
Reduction of AIP funding will be of particular harm to California airports who are already at a disadvantage following the suspension of the State AIP Matching Grant program. State AIP grants are funded by user fees, fuel taxes, and other similar revenue sources. In response to state fiscal shortfalls, the California Department of Finance, has on multiple occasions within the past 10 years, transferred aviation fuel tax revenues from the State Aeronautics Account to the General Fund. A 25% decrease in excise tax revenues, along with these transfers has led to the deficit and ultimate suspension of the Aeronautics Account. Our airports cannot afford further funding cuts.

The purpose of the AIP is to maintain and upgrade airport facilities to meet rigorous FAA standards. The United States Senate Appropriations Committee submitted a report that accompanies the Senate FY14 Transportation Appropriations bill highlighting the importance of the grants. In the report, it states that AIP funds are utilized to, "replace or rehabilitate critical airport facilities; increase airfield capacity; enhance competition among airlines; modify, replace, or construct facilities to accommodate additional passengers and aircraft; or meet other important, safety, security and environmental requirements". AIP grant reductions will hinder the ability of airports to meet these standards and jeopardize essential safety criteria.

Airports could also be forced to increase their dependence on passenger facility charges (PFCs) to support critical infrastructure needs if AIP funding continues to be reduced. PFCs have not been restructured since 2000 and their value has depreciated significantly due to construction cost inflation. If the federal cap on PFCs were to be eased, airports could set the fees locally and ensure the ability to raise their own funds for infrastructure development and improvement projects. At this juncture of federal budget uncertainty, an increased PFC would decrease an airport's reliance on federal grants and create savings for the government. While the CAC objects to AIP funding reductions, a PFC increase could represent a workable offset.

The California Airports Council appreciates federal efforts to solve funding challenges in the upcoming FY14, but we strongly oppose the use of AIP funding to maintain FAA operations and assuage furloughs. Airports need this capital to continue providing critical updates to infrastructure for the safety and security of passengers. We strongly urge you to protect federal AIP grant funding.

Sincerely,



Rod Dinger
President

CC: California Congressional Delegation