

# PUBLIC NOTICE

## Date of Posting April 12, 2024

The Gerald R Ford Airport International Authority (the Authority) intends to file a new Passenger Facility Charge (PFC) application #8 with the Federal Aviation Administration (the FAA) to impose and use PFCs on one (1) new project at Gerald R Ford International Airport (the Airport) at a \$4.50 PFC collection rate.

The proposed effective date for the new application is January 1, 2026, and the estimated charge expiration date is October 1, 2034. This date reflects the Authority's assessment of the impact of the COVID-19 pandemic on passenger traffic and PFC revenue. The application requests \$87,595,478 of PFC collection and use authority.

**REQUEST FOR COMMENTS:** The Authority welcomes the public's comments and support for the projects discussed below and will review all comments submitted in writing by no later than May 2, 2024. Please address any questions or comments to:

Torrance Richardson, AAE  
President and CEO  
Gerald R Ford International Airport Authority  
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Grand Rapids, MI 49512  
(616)233-6000  
Email: [TRichardson@grr.org](mailto:TRichardson@grr.org)

### **PROJECT INFORMATION**

In accordance with 14 CFR §158.30, the Authority will be requesting authorization to ***impose and use*** PFC funds for the following projects:

#### **Project 8.01 – Concourse A extension, (Construction)**

**Project Description:** This project involves two components: (1) an expansion of Concourse A; and (2) an expansion of the airport's central utility plant (CUP) specifically to serve the Concourse A expansion.

#### **Concourse A Expansion**

The expansion of Concourse A will increase the number of gates from seven to fourteen. Additionally, the existing footprint of the concourse will be widened to allow for larger boarding hold areas at the existing gates. The addition and expansion of the concourse will add approximately 72,000 square feet of new concourse level space, as well as the associated apron level support space. This additional amount of square feet will include the above mentioned seven additional gates with passenger hold areas, new retail concession space, restroom facilities, and service support areas for air carrier operations. Together with the Airport's

existing eight gates on Concourse 'B', this project would increase the total number of the Airport's passenger gates from 15 to 22.

The passenger boarding bridges (PBBs) for the new gates are being funded separately by a Bipartisan Infrastructure Law (BIL) Airport Terminal Program (ATP) grant and other local funds. Therefore, the costs of the PBBs are not included in the scope of this PFC project.

The new gates and PBBs will be preferential use. GRR does not have lease and use agreements for the terminal. Airlines occupy the terminal based on one-year operating permits that are cancelable on 30 days' notice.

A summary of costs and eligibility by major components appears below. Additional cost detail is available upon request to Mr. Torrance Richardson using the contact information above. This project is for construction only. Therefore, design costs are not included in the cost summary or the funding summary below.

<b>Component</b>	<b>Cost</b>	<b>PFC Eligible Cost</b>
<b>Construction Not Listed Below</b>	<b>\$ 62,036,221</b>	<b>\$ 36,866,436</b>
<b>Sitework, Demo, Utilities</b>	<b>\$ 2,121,408</b>	<b>\$ 1,287,270</b>
<b>General Requirements</b>	<b>\$ 2,000,000</b>	<b>\$ 1,213,600</b>
<b>Construction Management</b>	<b>\$ 4,146,218</b>	<b>\$ 2,515,925</b>
<b>Insurance/Bonding</b>	<b>\$ 1,671,418</b>	<b>\$ 1,014,216</b>
<b>Building Permits</b>	<b>\$ 617,704</b>	<b>\$ 374,823</b>
<b>Owner Costs</b>	<b>\$ 2,406,876</b>	<b>\$ 1,375,491</b>
<b>Total Construction Costs, Concourse A</b>	<b>\$ 74,999,845</b>	<b>\$ 44,647,761</b>

The FAA previously determined that 60.68% of design costs of the Concourse A extension were eligible for an AIP entitlement grant awarded in federal fiscal year (FFY) 2018 for design of the concourse extension (Grant #3-26-0039-5920, with \$4,414,431 of the grant funds allocated to the design project.). For this project, AIP eligibility and PFC eligibility are the same. Per guidance provided by the FAA, for most of the components listed above, therefore, PFC eligibility is based on the 60.68% figure. However, some items such as phasing and escalation are ineligible. Also, owner costs include furniture, fixtures and equipment (FF&E). The furniture component of FFE is partially eligible (approximately 52.8%) and other items, such as artwork, are ineligible. As a result, approximately 59.53% of the costs of the Concourse A expansion component are PFC eligible.

CUP Expansion

The project also includes an expansion of the airport's central utility plant specifically to accommodate the Concourse A expansion.

The expansion of the airport’s CUP included in this project is required specifically to accommodate the Concourse A extension. Therefore, the prorated eligibility for the CUP is based on the share of eligible space in the Concourse A extension, or 60.68%, except that contingency costs included in total project costs are ineligible.

A summary of costs for the CUP by major components appears below. Additional cost and eligibility detail is provided in Exhibit 8-1 in Attachment I.

<b>Component</b>	<b>Cost</b>	<b>PFC Eligible Cost</b>
Construction Not Listed Below	\$ 8,469,134	\$ 5,139,071
Earthwork, Site Utilities	\$ 255,200	\$ 154,855
Construction Management	\$ 205,954	\$ 124,973
Insurance/Bonding	\$ 118,567	\$ 71,946
Building Permits	\$ 61,548	\$ 37,347
Contingencies	\$ 58,370	\$ 0
Owner Costs	\$ 380,026	\$ 230,600
<b>Total Construction Costs, CUP</b>	<b>\$ 9,548,799</b>	<b>\$ 5,758,792</b>

The table below summarizes the total costs and eligible costs of each component and of the entire project.

<b>Component</b>	<b>Total Costs</b>	<b>Eligible Costs</b>	<b>Eligible Percentage</b>
Concourse A Expansion	\$74,999,845	\$ 44,647,761	59.53%
CUP Expansion	\$ 9,548,799	\$ 5,758,792	60.31%
<b>Total Project</b>	<b>\$ 84,548,644</b>	<b>\$ 50,406,533</b>	<b>59.62%</b>

As shown, PFC eligible costs are 59.62% of total project costs (Concourse A expansion and CUP expansion components combined). The PFC funding request is limited to 59.70% of construction costs less the AIP grant and state funds amounts shown in the funding summary below, and a corresponding amount of bond financing and interest costs. The balance of construction costs will be paid with general obligation (GO) bond proceeds supported by other airport revenue.

**Project Justification:** The Airport submitted a Master Plan Update in 2019, which indicated a need for 20 total gates when passenger enplanements reach 2.2 million. Since 2015, enplanements have increased 4.11% in 2016, 5.95% in 2017, 16.11% in 2018 and 9.95% in 2019 to a 2019 total of over 1.7 million. After dropping by 50% in 2020 due to the Covid-19 pandemic, 2022 enplanements have rebounded back to 96.75% of the pre-pandemic 2019 levels. Through May 2023, passenger enplanements have continued to increase and are on pace to outperform 2019. This translates into the Airport having over 1.8 million enplanements in 2023. The airport is projected to have approximately 2.1 million passengers by 2028 – within four years of completion of the project. Together with these passenger increases, the airline carriers have been replacing regional jet service with mainline aircraft for many of the routes available at the

Airport, as well as increasing the number of flights. In 2013, the Airport had twenty-two non-stop destinations; there are now up to thirty-four (depending on the season) in 2023. This has created congested passenger hold areas (often spilling into the circulation area), especially in the early morning hours when there is a large number of departing flights. Current daily operations are twenty to twenty-five overnight aircraft, leaving from the existing fifteen gates on the two concourses. This means there are regularly multiple aircraft parked overnight, but not at a gate. After this project is completed, there will be less congestion on the aircraft apron, less congestion in the passenger hold rooms, and an adequate number of gates to accommodate the growing amount of air service available from the Airport.

**PFC Collection Level:** \$4.50

<b>Project Funding:</b>	<b>Amount</b>
PFC-Bond Capital	\$ 49,040,039
PFC Bond Financing & Interest	\$ 38,555,439
GO Bond Capital Funded with Other Airport Revenue	\$ 34,142,091
AIP Grant	\$ 1,294,000
State Funds	\$ 72,424
<b>Total Project Funding*</b>	<b>\$124,103,393</b>