

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: January 13, 2022

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *Avak Keotahian - rg For* Assignment No: 21-11-0872
Chief Legislative Analyst

SUBJECT: Los Angeles World Airports' 2021-2022 Legislative Proposals.

CLA RECOMMENDATION:

1. ADOPT the attached Resolutions recommending legislative positions for the 2021-2022 Federal and State Legislative Programs, as submitted by Los Angeles World Airports, to support legislative proposals that would:
 - Increase authorized Airport Improvement Program levels and support appropriations that fully fund the Airport Improvement Program at authorized levels.
 - Reduce the cost of bond financing, through eliminating the Alternative Minimum Tax for aviation Private Activity Bonds, or restoring advance refunding of municipal bonds.
 - Increase sustainable aviation fuel (SAF) supply, reduce cost barriers to SAF implementation, and improve the production and delivery infrastructure for SAF.
 - Fund electrification infrastructure for light duty and heavy-duty vehicles and off-road vehicles (ground service equipment).
 - Make existing federal funding programs available for programs that are consistent with state and local emission mandates.
 - Set aside cap-and-trade funds for airports to comply with California Air Resources Board regulations, to accelerate the transition to Sustainable Aviation Fuel, accelerate deployment of clean technology, and offset potential loss of federal program funding.
2. INSTRUCT the Chief Legislative Analyst (CLA), with assistance of Los Angeles World Airports, to monitor the following proposals, and instruct the CLA to report and prepare resolutions, if necessary, when additional details regarding the legislation are available:
 - State legislation to allow the continued use of biometrics, license plate reader technology, and shared mobility data, provided suitable data privacy protections are in place.

SUMMARY

The Mayor and Council President requested that City departments submit recommendations for

legislation to be included in the 2021-2022 Federal and State Legislative Program. In response, Los Angeles World Airports (LAWA) submitted multiple proposals for consideration. Our office recommends that Council support and/or sponsor a number of these proposals and monitor for specific legislation as described in this report.

BACKGROUND

Infrastructure and Transportation

The Passenger Facility Charge (PFC) is a fee that airports are authorized to charge on each enplaned passenger for commercial flights. Airports can use these fees to fund projects approved by the Federal Aviation Administration (FAA), such as new terminals, ground transportation improvements, or projects that enhance the safety and security of the airport. Currently, the PFC an airport can charge per passenger is capped at \$4.50 per flight segment and this rate has been unchanged since 2000. While the PFC could be adjusted through FAA Reauthorization, the FAA Reauthorization Act of 2018 authorized and funded the FAA through 2023 and left the PFC's current cap in place.

LAWA is recommending support for or sponsorship of legislation that would increase or eliminate the current \$4.50 cap on the PFC to support the airport modernization program. Further, LAWA is recommending support for or sponsorship of legislation to index any current or future PFC cap to increase annually with inflation.

At a special meeting held on December 2, 2020, the Rules, Elections, and Intergovernmental Relations Committee considered Resolutions and a CLA report (CF: 21-0002-S7) relative to establishing the City's position regarding the Los Angeles World Airports 2021-22 Legislative Program Proposals. That report was amended to remove a recommendation to support a legislative proposal that would eliminate or increase the cap on the Passenger Facility Charge. On December 9, 2020, Council adopted the Rules, Elections, and Intergovernmental Relations Committee's recommendations. In accordance with this previous Council action, our Office is not recommending support for such legislation.

LAWA is in the middle of a modernization program with a final cost likely to exceed \$20 billion. The Infrastructure Investment and Jobs Act includes funding for aviation projects, yet the law is expected to provide far less than \$1 billion in funding and represent a relatively small share of the cost of modernizing LAX in advance of the 2028 Olympics. LAWA notes that the modernization efforts could be made easier both through direct project funding and through bond financing cost reductions. LAWA is recommending support for legislation that would authorized Airport Improvement Program (AIP) levels and support appropriations that fully fund the AIP at authorized levels. Further, LAWA is recommending support for legislation that would reduce the cost of bond financing, through eliminating the Alternative Minimum Tax for aviation Private Activity Bonds, or restoring advance refunding of municipal bonds.

Climate Change and Environmental Justice

LAWA's climate change and environmental proposal recommendations are primarily related to sustainable aviation fuel (SAF) and vehicle electrification. LAWA is recommending support for a

number of proposals that would improve the scope and timing of efforts to address carbon emissions and other pollutants. LAWA is recommending support for legislation that would make federal funding available for programs that are consistent with state and local emission mandates, or create new set-asides to better enable airports to reach climate targets through the transition to SAF and deployment of clean technology.

Cap-and-trade funding is generated by the State through the sale of a set amount of emission allowances each year. The revenue generated through the emission allowance auction is used to fund projects intended to achieve California's climate targets. LAWA is recommending support for state legislation to create cap-and-trade funds that are set aside for airports to accelerate the transition to SAF, accelerate deployment of clean technology, and offset potential loss of federal program funding.

Safety and Security

The use of Unmanned Aircraft Systems (UAS), also known as drones, has increased significantly for both commercial and leisure uses. The FAA, Congress, and the State legislature have all taken actions to regulate UAS use and the City has supported legislation in the past that would regulate UAS and restrict the private use of UAS near sensitive areas. LAWA is recommending that the City support federal legislation that promotes the safe integration of Unmanned Aircraft Systems (UAS) into the national and regional airspace, including the deployment of commercial and public UAS technology, while prohibiting, mitigating and/or eliminating UAS activities that presents a risk to aviation or public safety, and authorize local airport operations to procure and install local UAS detection and identification systems. LAWA further recommends that the City support federal legislation to fund development and deployment of counter-UAS technology and infrastructure.

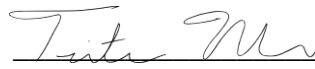
As adopted, the aforementioned CLA report relative to establishing the City's position regarding the Los Angeles World Airports 2021-22 Legislative Program Proposals was also amended to remove a recommendation to support legislative proposals to promote federal efforts to test UAS detection and mitigation systems and authorize local airport operators to procure and deploy such systems. In accordance with this previous Council action, our Office is not recommending support for such legislation. As instructed, our Office will continue to monitor proposals related to the safe integration of Unmanned Aircraft Systems into national and regional airspace that prohibits activity that presents a risk to aviation or public safety.

LAWA is again recommending support for federal legislation to develop, fund, and implement biometric/facial recognition systems at airports, while taking privacy concerns into consideration. As instructed in the December 9, 2020 Council action, this Office will continue to monitor legislation to support the development and deployment of biometric technologies for passenger screenings at airports with consistent standards and protocols for Transportation Security Administration and Custom and Border Protection use.

Data Privacy

Certain technologies can be used to improve airport security and increase efficiency, such as

biometrics, license plate reading, and shared mobility data. Data collected using these technologies may contain personal information, and it is imperative that these technologies be deployed in a secure manner that respects the privacy of airport passengers. Research has shown that anonymized shared mobility data sets can put people's private data at risk. It is important that appropriate regulations be put into place to ensure that these technologies can be used in order to provide security and efficiency to passengers, without subjecting them to the risks associated with sensitive data mismanagement. LAWA is recommending support for state legislation to allow the continued use of biometrics, license plate reader technology, and shared mobility data, provided suitable data privacy protections are in place. This Office is recommending that the CLA be instructed to monitor legislation related to this proposal.

A handwritten signature in black ink, appearing to read "Tristan Noack", written over a horizontal line.

Tristan Noack
Analyst

SMT:tcjn

Attachment: Resolutions

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Los Angeles World Airports (LAWA) is in the middle of a modernization program for both Los Angeles International Airport and Van Nuys Airport, with a final cost likely to exceed \$20 billion; and

WHEREAS, the Infrastructure Investment and Jobs Act, signed on November 15, 2021, is expected to provide less than \$1 billion in funding for LAWA's modernization projects; and

WHEREAS, additional state and federal funding is necessary to reduce the costs of completing the modernization efforts, including physical airport infrastructure, airport ground transportation facilities and roadways, and sustainability projects, before the 2028 Olympics; and

WHEREAS, the modernization efforts will allow LAWA to provide excellent passenger service, support the economic growth and prosperity of the Los Angeles region, and work closely with neighboring communities to reduce airport related impacts; and

WHEREAS, LAWA's burdens with respect to project funding can be improved through direct state and federal funding, and through legislation that would reduce the cost of bond financing;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 Federal Legislative Program SUPPORT for any legislation and/or administrative action that would increase the authorized Airport Improvement Program levels, or fully fund the Airport Improvement Program at authorized levels.

BE IT FURTHER RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 State and Federal Legislative Programs SUPPORT or SPONSORSHIP for any legislation and/or administrative action that would reduce the cost of bond financing, by eliminating the Alternative Minimum Tax for aviation Private Activity Bonds, or restoring advance refunding of municipal bonds.

RESOLUTION

WHEREAS, any official position of the City of Los Angeles, with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City of Los Angeles has repeatedly taken a strong stance on the ongoing climate emergency by setting bold sustainability goals; and

WHEREAS, Los Angeles World Airports' (LAWA) sustainability goals are included in its 2019 Sustainability Action Plan, which centers on seven focus areas: energy management, water management, air emissions management, material resources management, noise management, natural resources management, and corporate responsibility; and

WHEREAS, on November 3, 2021, Council adopted a Motion (Bonin – Krekorian – Koretz) (CF 21-1136), which instructed LAWA to report within 120 days with a timeline to study and accelerated Sustainable Action Plan and opportunities for decarbonizing and electrifying its properties, including through sustainable aviation fuel (SAF) adoption, and electrification of ground-based activities; and

WHEREAS, the Council should support state and federal legislation that would expedite LAWA's path to carbon neutrality, and other climate goals, through improving the viability of SAF adoption, funding electrification infrastructure for ground-based activities, allowing federal funds to be used to accomplish state climate goals, and creating new funding set-asides for airports to address sustainability issues;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 State and Federal Legislative Programs SUPPORT for any legislation and/or administrative action that would increase sustainable aviation fuel supply, reduce cost barriers to its implementation, improve its production and delivery infrastructure; or fund electrification infrastructure for light duty and heavy-duty vehicles, as well as off-road vehicles at airports.

BE IT FURTHER RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 Federal Legislative Program SUPPORT or SPONSORSHIP for any legislation and/or administrative action that would make existing federal funding programs related to airport emissions available for programs that are consistent with state and local emission mandates.

BE IT FURTHER RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2021-2022 State Legislative Program SUPPORT or SPONSORSHIP for any legislation and/or administrative action that would set aside cap-and-trade funds for airports to comply with California Air Resources Board regulations to accelerate the transition to Sustainable Aviation Fuel, to accelerate the deployment of clean technology, and to offset potential loss of federal program funding.