

## **Charlotte/Douglas International Airport Review of Noise Land Use and Financial Operations For 2006**

The FAA Compliance Division, AAS-400, conducted a compliance review of noise land and financial operations at the Charlotte/Douglas International Airport (Airport) from March 10 through March 18, 2008.

**BACKGROUND.** The City of Charlotte (City), North Carolina, owns and operates the Airport. The Airport originally was established as a City Airport, known as Charlotte Municipal Airport. In 1941, the military took control of the Airport and called it Morris Field Air Base. Following the war, the air base was renamed to Douglas Municipal Airport after former Mayor Elbert Douglas, Sr. Following the tremendous growth of the 1980's, the Airport was once again renamed, this time to Charlotte/Douglas International Airport.

The FAA classifies the Airport as a large Hub with 14.7 million annual passenger enplanements. The Airport is adding a third parallel runway to accommodate increased demand. The new runway will add 33% additional capacity to the Airport. Currently the Airport serves as the largest hub for US Airways.

Since 1982, the Airport has received \$304.7 million in grant monies. Of this total, the Airport has received \$39 million to purchase noise land, and \$19 million for noise mitigation.

**PURPOSE AND SCOPE OF REVIEW.** In 2005, the Department of Transportation (DOT), Office of Inspector General (OIG) issued a report on the FAA's management of land acquired under Airport Noise Compatibility Programs; report number AV-2005-078. The Airport was identified as one of eleven airports needing further review by the FAA. In that audit, the OIG reported the Airport had 523 acres of noise land with no documented need. The OIG estimated the value of the government's share to be about \$21.9 million, which could be used for other noise projects.

The purpose of this review is to evaluate the City's use of noise land program, to determine the program complies with FAA grant assurance 31, Disposal of Land and compliance with the FAA Policy and Procedures Concerning the Use of Airport Revenues. The scope of this review primarily covered the Airport's fiscal year ending June 30, 2007.

**USES OF NOISE LAND**

The Airport has received \$58.7 million in noise related grants, including \$38.9 million to purchase noise land.

Project Description	Total Entitlement	Total Discretionary	Total
Noise Mitigation	\$ 83,904	\$ 12,059,537	\$ 12,143,441
Acquire Noise Land	4,693,600	34,246,251	38,939,851
Conduct Noise Compatibility Plan Study	12,000	500,000	512,000
Noise Mitigation Measures for Public Buildings	3,630,633	3,571,717	7,202,350
Total	\$ 8,420,137	\$ 50,377,505	\$ 58,797,642

**Acres:** Most of the land purchased by the Airport is still held by the Airport. A small number of the parcels have been sold accounting for about 12.8 acres. The Airport had an error in its spreadsheet which did not add all the numbers. The spreadsheet interpreted the numbers as text. This was corrected and increased the total amount of acreage.

Summary of Acreage	
Total Airport	606.667
Spreadsheet error (text instead of numbers)	58.729
Total Airport Noise Land	665.396
less sold land	-12.815
Total Land to be Shown on Noise Reuse Plan	652.581

**Acres Sold:** Much of the noise land was purchased under reimbursement grants. The Airport bought the land/houses, insulated the houses and later resold them. Other grants were closed before the Airport had charged all their costs to the grants. The Federal share owed equals \$263,538, with \$121,606 not claimed by the Airport (grant closed) for a net total of \$141,932 owed for the Federal share by the Airport.

Land Sold	
Airport Owes for FAA Share	\$263,538.48
FAA Owes Airport (grant closed)	<u>\$121,606.12</u>
Net Amount Due for FAA Share	\$141,932.36

**Land Held to be Disclosed in Reuse Plan:**

The ALP shows a third parallel runway (18R/36L) which is currently being developed on the western side of the Airport. Also, a runway extension is shown for the center runway

(18C/36C). On the northwest corner of the Airport is a new feeder road from Wilkinson Boulevard. Additionally, West Boulevard, south of the Airport is being rerouted. Until the third runway is in, the noise contours can not be set firmly. At this time, land is being held for conversion (from Part 150 to runway protection zone); retained for needed noise compatibility; used for environmental credits, or may be sold as current market conditions dictate. Some parcels still have hold-outs and can not be sold until all owners release their land. The Reuse Plan is not due until September so has not been done, however, or discussions with airport officials provided the following information of the Airport's noise land parcels. See Attachment 1 for a table on the status of the noise land parcels.

**FINANCIAL OPERATIONS**

Each year, the City is required to file two reports with the FAA to disclose the Airport’s financial operations. The first report is the Financial Government Payment Record, FAA Form 5100-126, which reports payments the airport makes to governmental entities for services received, and it also reports the value of any property or services furnished to governmental entities by the Airport. For example, an airport may pay a governmental entity for fire or police services. An airport, on the other hand, may provide land to a governmental entity for storage. The second report is the Operating and Financial Summary, FAA Form 5100-127. This is a report of the Airport’s financial operations and contains information typically found on income statements and balance sheets. The City affirmed the information on its Forms 126 and 127 is based on audited financial information.

In addition, the City issues a comprehensive annual financial report for the Airport, which is audited by independent auditor. Cherry, Bekaert & Holland, LLP is the City’s current Certified Public Accountants (CPA). The Airport has been late on occasion filing their financial reports. This is due in part, to waiting for the CPA’s to finalize their audit report and release final numbers. The Airport may input “unaudited” numbers and amend when the City releases their CAFR. However, it would be to the benefit of all, if the City released their report more timely.

**FAA FORM 5100-126:** The following is a summary of the financial information submitted by the Airport for payments made to governmental entities:

<b>Type of Payment</b>	<b>Amount</b>	<b>Govt Entity</b>	<b>Note</b>
Fees, Inspections, Tags, misc	\$ 206,400	State of North Carolina	(1)
Permits, Landfill svcs, Property Tax	575,900	Mecklenburg County	(2)
Police	-	Part of Airport	(3)
Firefighting	2,583,216	City of Charlotte	(4)
Central Services	1,393,644	City of Charlotte	(5)
Utilities	1,467,599	City of Charlotte	(6)
<b>Total Payments</b>	<b><u>\$ 6,226,759</u></b>		

Note 1: The State of North Carolina bills the Airport for inspections, environmental fees, vehicle taxes and tags, equipment fees and printing.

Note 2: The County of Mecklenburg charges the Airport for building permits, air permits, inspections, landfill service and property taxes.

Note 3: Neither the City or County charges the Airport for police services. The Airport has its own police, paid out of Airport compensation. They patrol the Airport, provide assistance to the Transportation Security Administration (TSA), issue and collect traffic fines for the Airport.

Note 4: The City of Charlotte provides firefighters for the Airport. There are 36 FTE firefighters, on 12-hour rotations, 7 days a week. Salary and fringe benefits are charged and are within a reasonable range.

Note 5: The City charges the Airport through a Cost Allocation Plan for Central Services. The Airport only absorbs its proportion of allocated cost. All cost appear reasonable. However, the City does not perform a true-up in accordance with OMB Circular A-87.

**FAA FORM 5100-127:** Inputs disclosing financial information were supported by the accounting records. We reconciled the fiscal year end 2007 financial information to the draft Comprehensive Annual Financial Report.

#### **RECOMMENDATIONS:**

1. We recommend the Airport repay the federal share of the sold land. This amount can be put into an interest bearing account and used for any additional noise program costs.
2. It is imperative that the City perform a true-up for its Cost Allocation Plan. This is not an FAA requirement, but required for all local governments receiving federal grants, regardless of the federal entity. The Office of Management and Budget (OMB) Circular A-87, Attachment C, provides guidance regarding the method.

#### **SUMMARY:**

The Airport staff had gathered information for us prior to our visit, making our stay, both efficient and effective. We appreciate the courtesies extended to us which assisted our efforts.

### Charlotte Douglas International Airport Land Reuse Plan

<b>Tax Book ID</b>	<b>Neighborhood</b>	<b>Reuse</b>
055	Church of God	Large college and HQs and homes for retired ministers. Law suit. Settled in court. Now college sitting empty, but 47 houses demoed. Directly north of west runway. See Morris below.
055	Morris Park	All but 4 houses remain. All houses demoed. Was in 75 Dcb. Brought class action law suit. Settled with Part 150 program. Bought and moved people. Insulated. Now in 65-70. Got to get the rest of the people out. Rezone. Wilkinson runs through it but clearly airport use.
055	Todd Tuckaseegee	See Morris Park. 72-74. Foresaw new runway. About 5 remain. Big connector to airport. Airport use.
061	Boyer	Billy Graham Parkway exchange in the works. Waiting for completion.
061	Denver	Will be easy to move. Elementary school – must have appropriate neighbors. Wait on upturn in market.
061	Wandawood	Was in 75 Dcb. Bought, insulate, fix-up, and sold with aviation easement.
061	Withrow	Has a round-about. Road closed off. Another big piece of land on market. Put on market. Good for potential hotel.
113	Old Dowd Rd.	Will resell.
115	Eaton/Newberry	Next to U.S. Airways and Airport Maintenance facility. All reimbursement grants. Zoned industrial.
141	Steeleberry Acres	Prior to Part 150, people sold when runway opened. Airport bought some of the original houses in late 70's. Then Airport bought vacant lots to prevent houses from being built. Then insulated and resold. Offered insulation with aviation easement. All under one grant. Beginning Part 150 (around 1988-89). Can make part of airport or rezone. Some of the land is part of AIP, but not noise. End of runway.
141	Shopton	Rezone and resell. Wetlands on one side. Possible environmental credits.
141	Whipporwill	Part of airport use; repair dam; leave lake – get environmental credit. Relocate West Blvd. After roads in, rezone, except swamp land (environ

		credits). Make part of airport and redevelop the remainder.
143	Beam Rd.	Have an appraisal. One buyer would like to buy land as it would increase his contiguous land. Or they could exchange, but looks like a sale at this point. [Will use Whipporwill enviro credits.]
143	Horseshoe	Resell, but low value, close to clear zone. Has pond and creek on it – swamp land = enviro credits.