

ACI-NA

U.S. Airport Capital Needs

(2013-17)

Contact: Liying Gu
Tel: 202-861-8084
Email: lgu@aci-na.org

Executive Summary

- ACI-NA Capital Needs Survey estimates that the U.S. airport system including commercial and non-commercial airports have \$71.3 billion in capital needs over the next 5 years (2013-2017).
- These capital improvements are necessary to meet infrastructure demands based on strong growth projections in both passenger and cargo activity and the need to update aging infrastructure.
- Despite representing an overall decline in the amount of funding needed compared to the 2011 report, the average annual amount of airport capital needs (\$14.3 billion) is still significantly higher than the funding available through annual PFC revenue and AIP grants.

U.S. Airport Capital Needs

Key Findings (1)

- ➔ Total estimate for 2013-2017 is 11% less than the 2011 estimate for 2011-2015. ACI-NA attributes the decrease to recent recession and current challenging economic conditions, airline consolidation and capacity reductions, projects having been completed or postponed beyond 2017.
- ➔ Airport capital needs are driven by:
 - Current and long-term forecast: passenger traffic will grow at an average annual of 3.2% through 2032, and freight activity at an average annual growth rate of 4.9% through 2032
 - Use and age of facilities: many airport facilities were built 40 years ago
 - Changing aircraft technology which requires airports to update or replace equipment and infrastructure

U.S. Airport Capital Needs

Key Findings (2)

- 54% of the needs estimate is intended to accommodate growth in passenger and cargo activity as well as larger aircraft; 43% is intended to rehabilitate existing infrastructure, maintain a state of good repair, and keep airports up to standards for the aircraft that use them.
- Large hubs recorded a decrease of 7.3% from the 2011 estimate; however their share of the total needs increased from 50% to 52%.
- The only increase by airport category from the 2011 estimate is for medium hubs with 4.3%, and their share of the total needs has also increased from 11% to 13%.
- Small hubs estimated a decrease of 28.5% from the 2011 estimate and their share of the total needs has decreased from 10% to 8%.

U.S. Airport Capital Needs Top States and Top Projects

→ Top Three States by Airport Capital Needs

- No.1 Texas - \$8.3 B
- No.2 Florida - \$7.0 B
- No.3 California - \$6.6 B

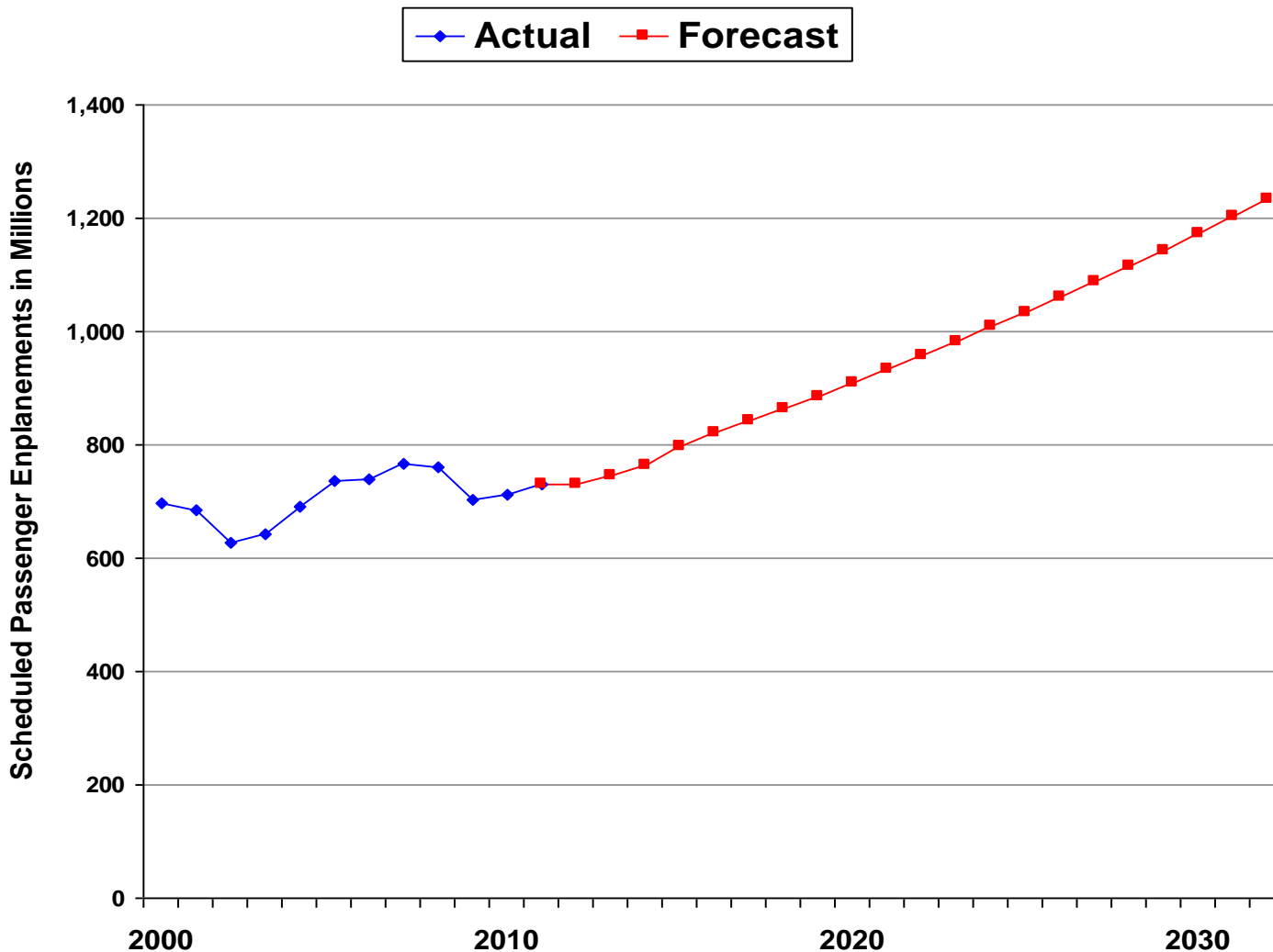
→ Top 10 Projects

Airport Code	Project	2013-17 Cost (in Million Dollars)
DFW	Terminal Renewal & Improvement Program	1512
FLL	South Runway Expansion	791
ORD	ATS and Garage Completion	765
FLL	Terminal 4 Expansion	450
JFK	Rehabilitation of Runway 4L-22R	446
ORD	Runway 10R/28L	399
IAH	Terminal D Expansion	395
LAX	Bradley West Core Improvements	370
DEN	South Terminal Redevelopment Program	349
SLC	SLC New Terminal	334

Top Airports with Over \$1B Capital Needs

Airport Code	State	Total 13-17 (in Million Dollars)
PHL	PA	3,504
DFW	TX	3,385
MCO	FL	2,041
ORD	IL	1,901
FLL	FL	1,843
LAX	CA	1,735
JFK	NY	1,684
SLC	UT	1,554
SEA	WA	1,454
IAH	TX	1,425
SFO	CA	1,406
DEN	CO	1,356
MSP	MN	1,236
BOS	MA	1,163
BWI	MD	1,143
LGA	NY	1,056

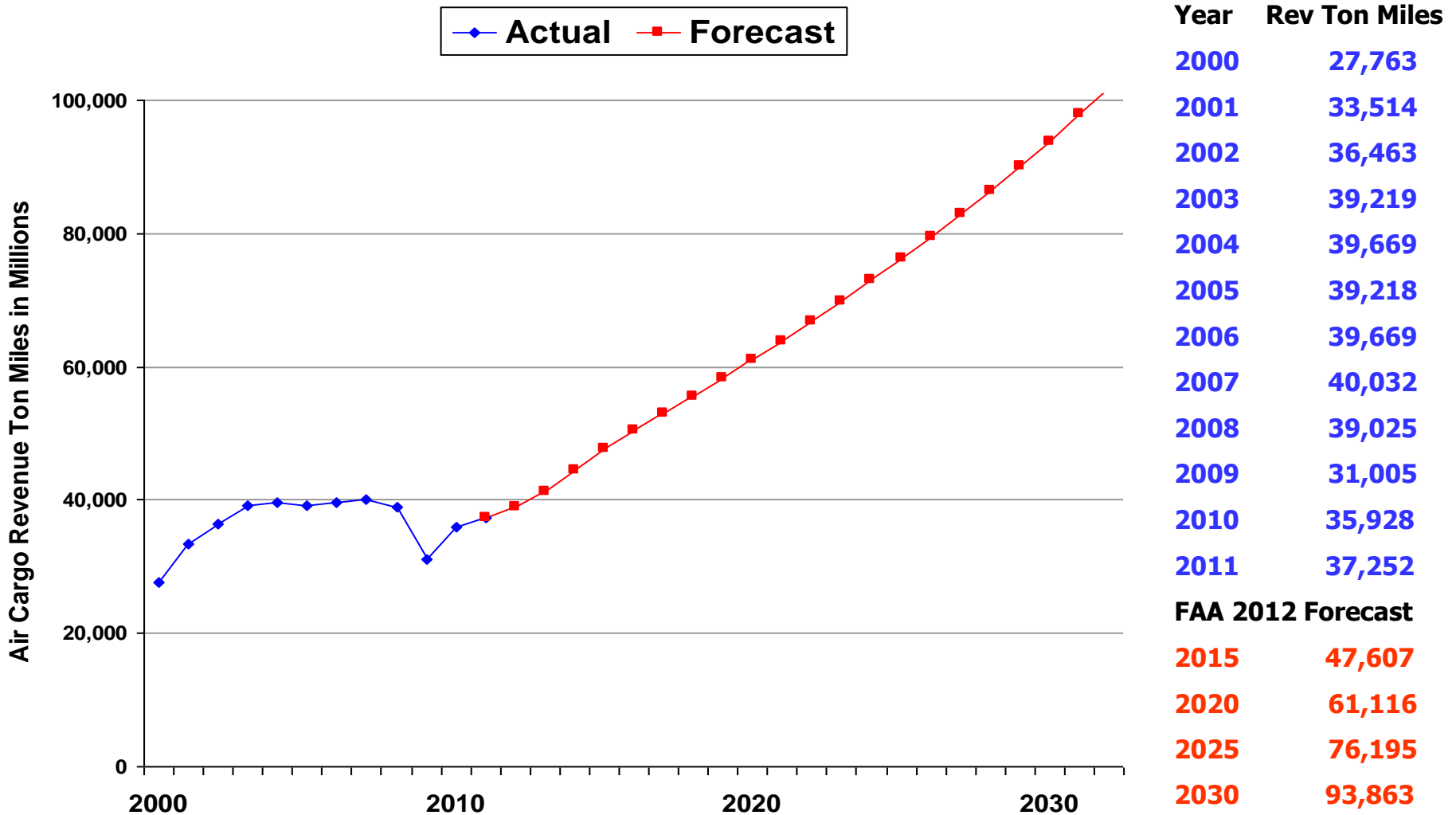
While Growth Rate Has Slowed, FAA Still Projects Continued Strong Growth in Passenger Enplanement in the Next 20 Years



Year	Enpl.
2000	697.6
2001	683.4
2002	625.8
2003	642.0
2004	689.9
2005	737.0
2006	740.0
2007	765.3
2008	759.1
2009	704.4
2010	712.6
2011	730.7
FAA 2012 Forecast	
2015	795.7
2020	910.1
2024	1,007.9
2025	1,033.9
2030	1,172.9

Source: FAA

FAA Projects Continued Annual Growth of 4.9% in Air Cargo in the Next 20 Years



Source: FAA

2013 ACI-NA U.S. Airport Capital Development Needs Survey

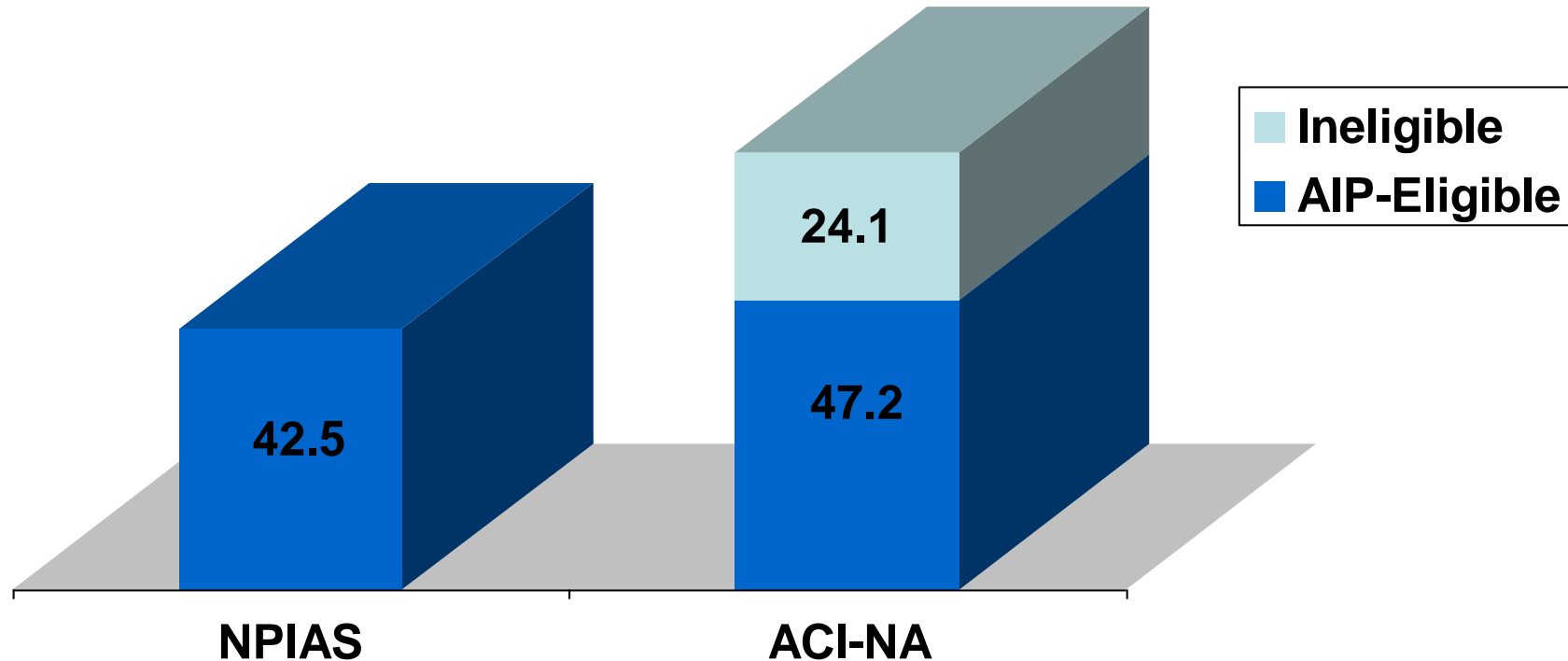
- Covers all essential capital needs including those not eligible for AIP, to accommodate growth in passenger and cargo activity; larger aircraft; and rehabilitation of existing infrastructure, maintenance, and aircraft use standards.
- Data collected August – October 2012, stated in both 2012 constant and current year dollars.

FAA's NPIAS Also Reflects Decline In Airport Capital Needs

- FAA estimates capital needs for 3,355 (3,330 existing and 25 proposed) airports in the NPIAS system for 2013-2017.
- 2013-2017 capital needs of \$42.5 billion, average annual = \$8.5 billion, 2011-2015 capital needs of \$52.2 billion, average annual = \$10.5 billion
- Estimate includes only AIP eligible portions of capital projects that FAA believes will be funded between 2013 and 2017.
- FAA data was based on airport master and state system planning documents available through 2011 and stated in 2011 dollars.
- FAA's conclusion: The 19% decrease (\$9.8 billion) from the report issued two years ago reflects a decline in estimated needs for all airport categories and all types of development except projects to improve airfield capacity driven by the needs of large hubs. FAA attributes the decrease to the current economic situation, reduced aviation activity levels, projects having been completed or having a funding source for the project identified.

ACI-NA Total Capital Needs Estimate is 68% higher than the NPIAS Cost

Total Industry Estimate in \$Billions (2013-2017)

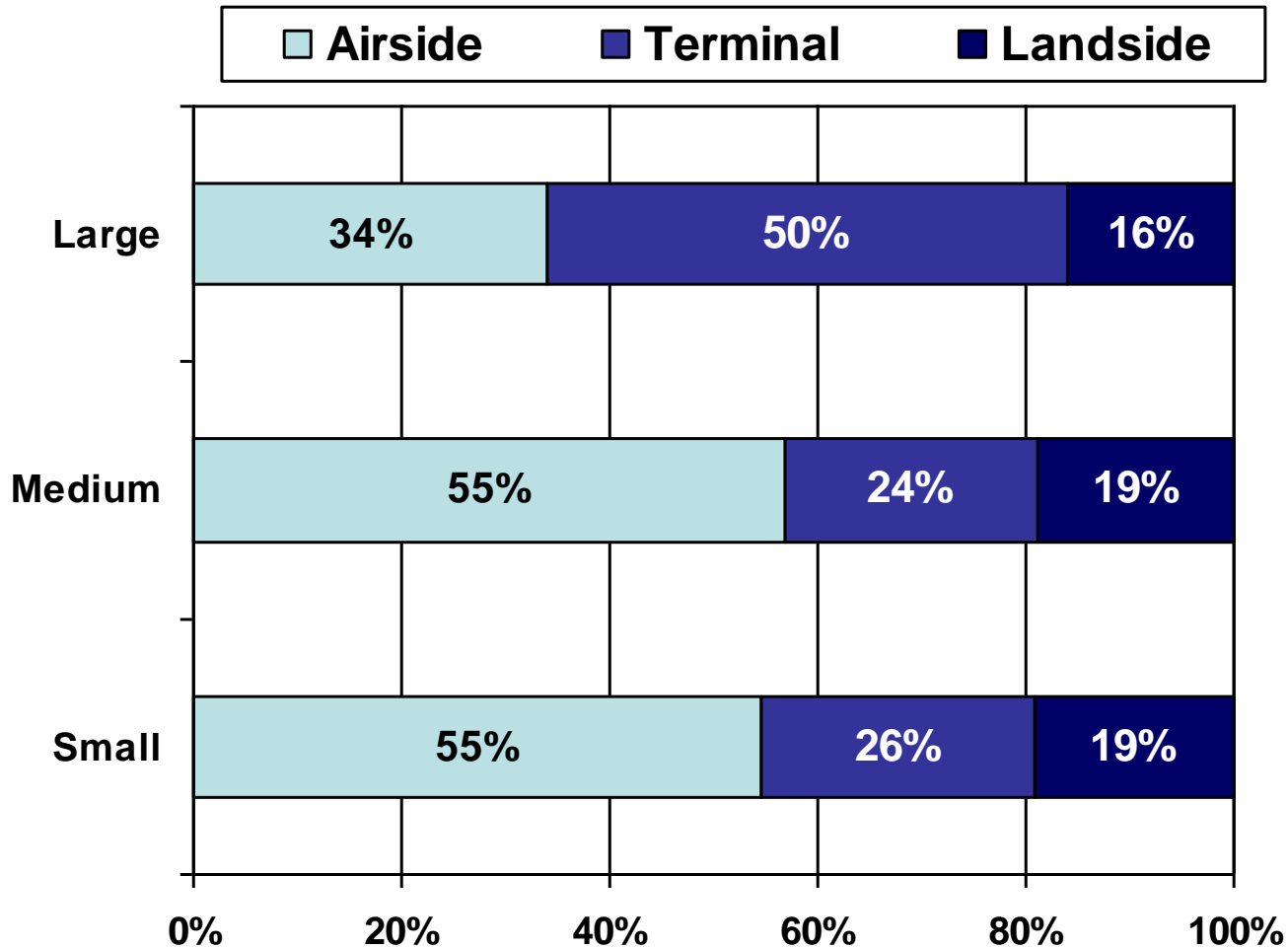


Note: large, medium and small hubs are based on ACI-NA survey and other hubs are based on FAA NPIAS report, with 1.5% annual increase in construction cost escalation

What NPIAS Fails To Capture?

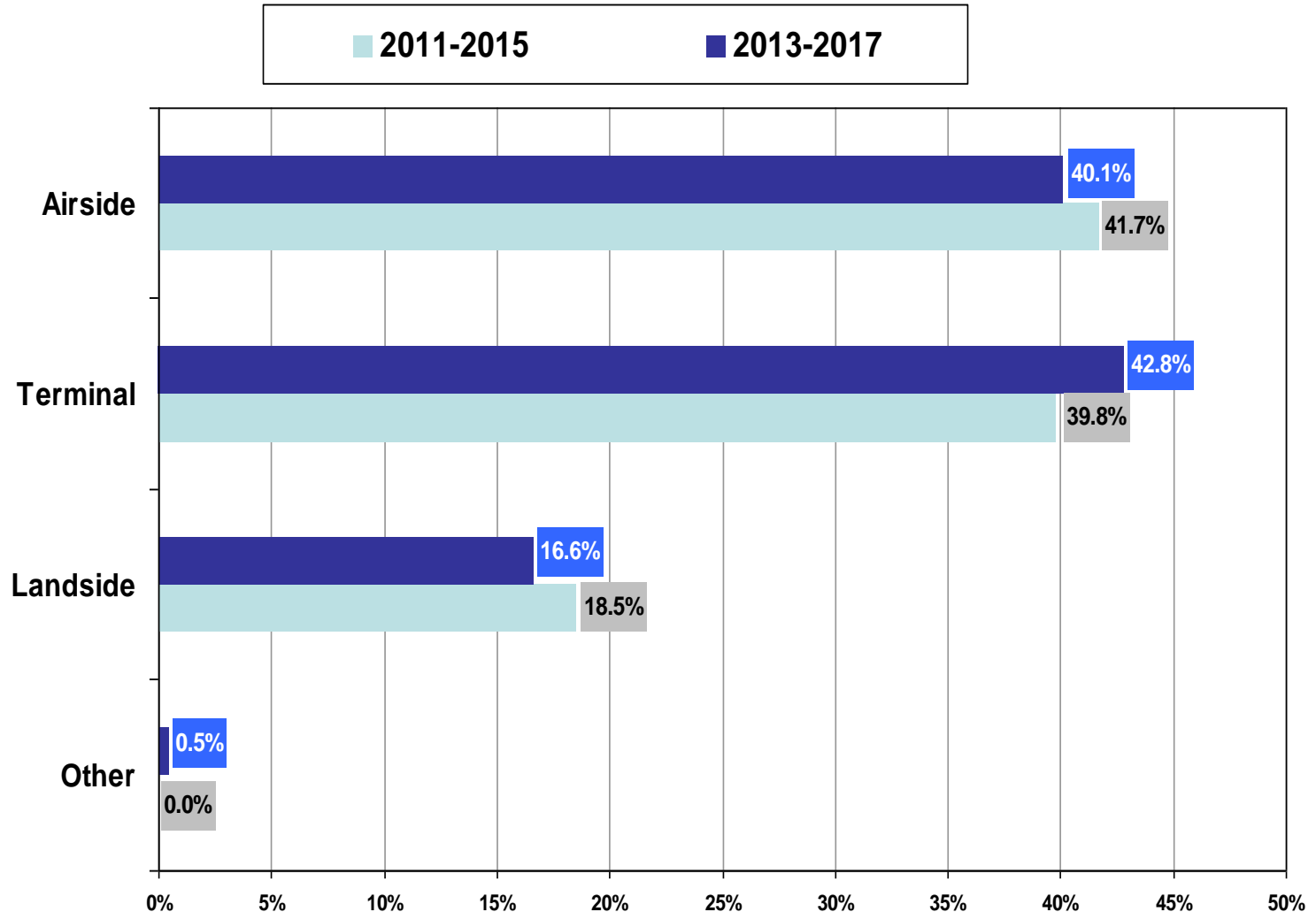
- AIP-ineligible projects
 - Parking structures, hangars & air cargo buildings
 - Revenue producing portions of passenger terminals
 - Improvements to highway and transit systems beyond the airport property line
- Development eligible under the PFC Program but ineligible under the AIP grant program, such as gates and related areas
- Current projects with FAA-approved PFC collections
- Airport funded air traffic control facilities and airport or TSA funded security projects
- AIP-eligible projects that airports did not report to the FAA because there would be a low probability of obtaining additional AIP discretionary grants

ACI-NA Capital Needs (2013-17) by Project Location

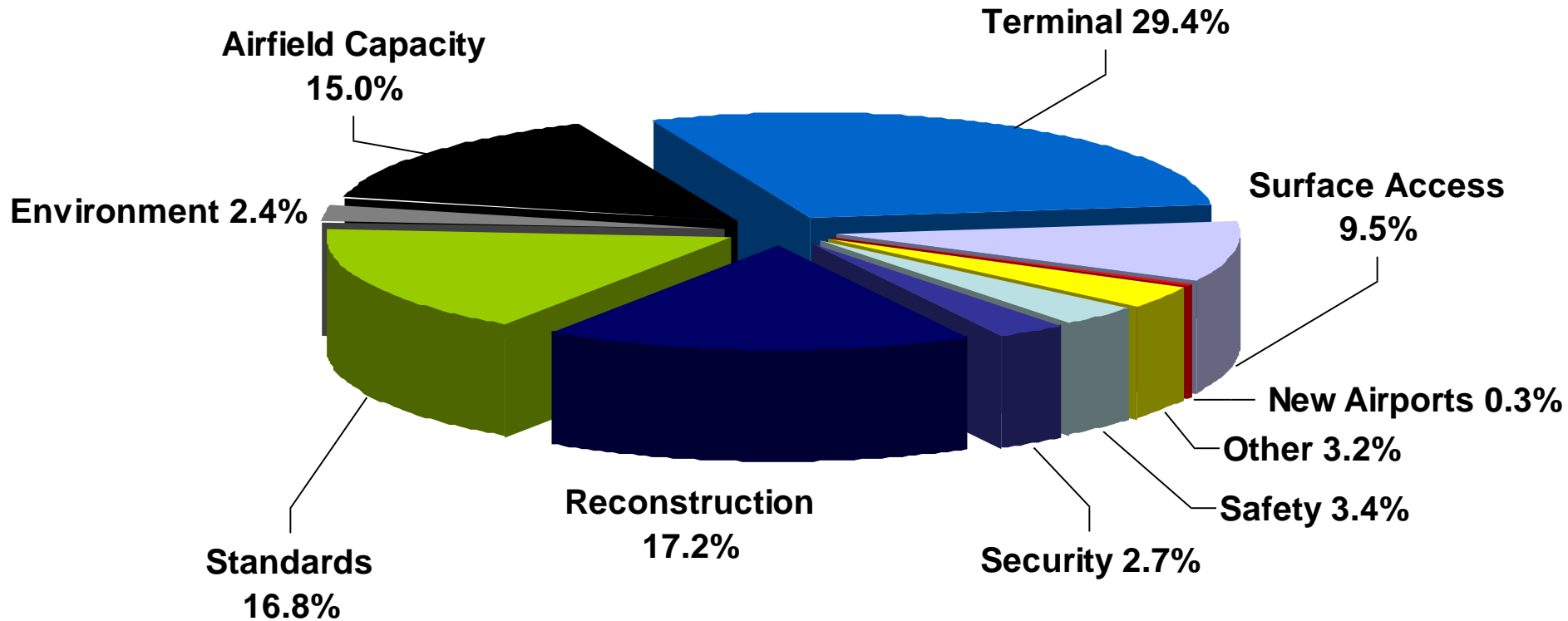


Note: Percentage may not add up to 100% due to rounding.

ACI-NA Capital Needs by Project Location

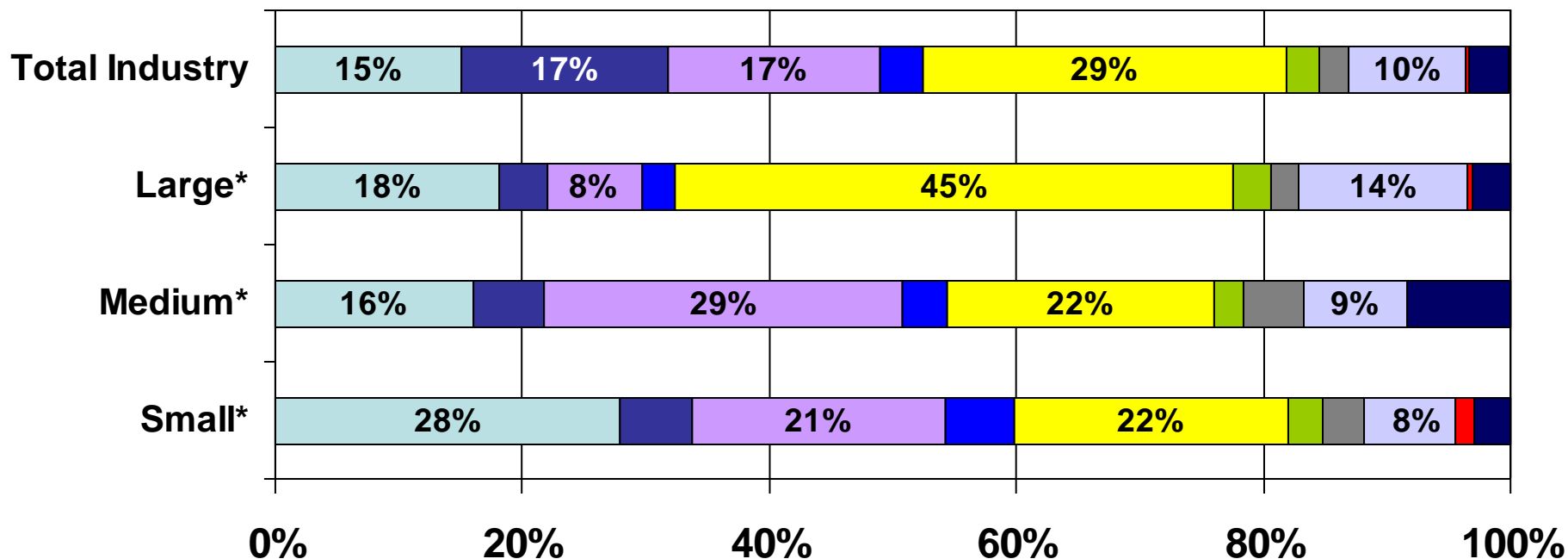


ACI-NA Capital Needs (2013-17) By Type of Development For Total Industry



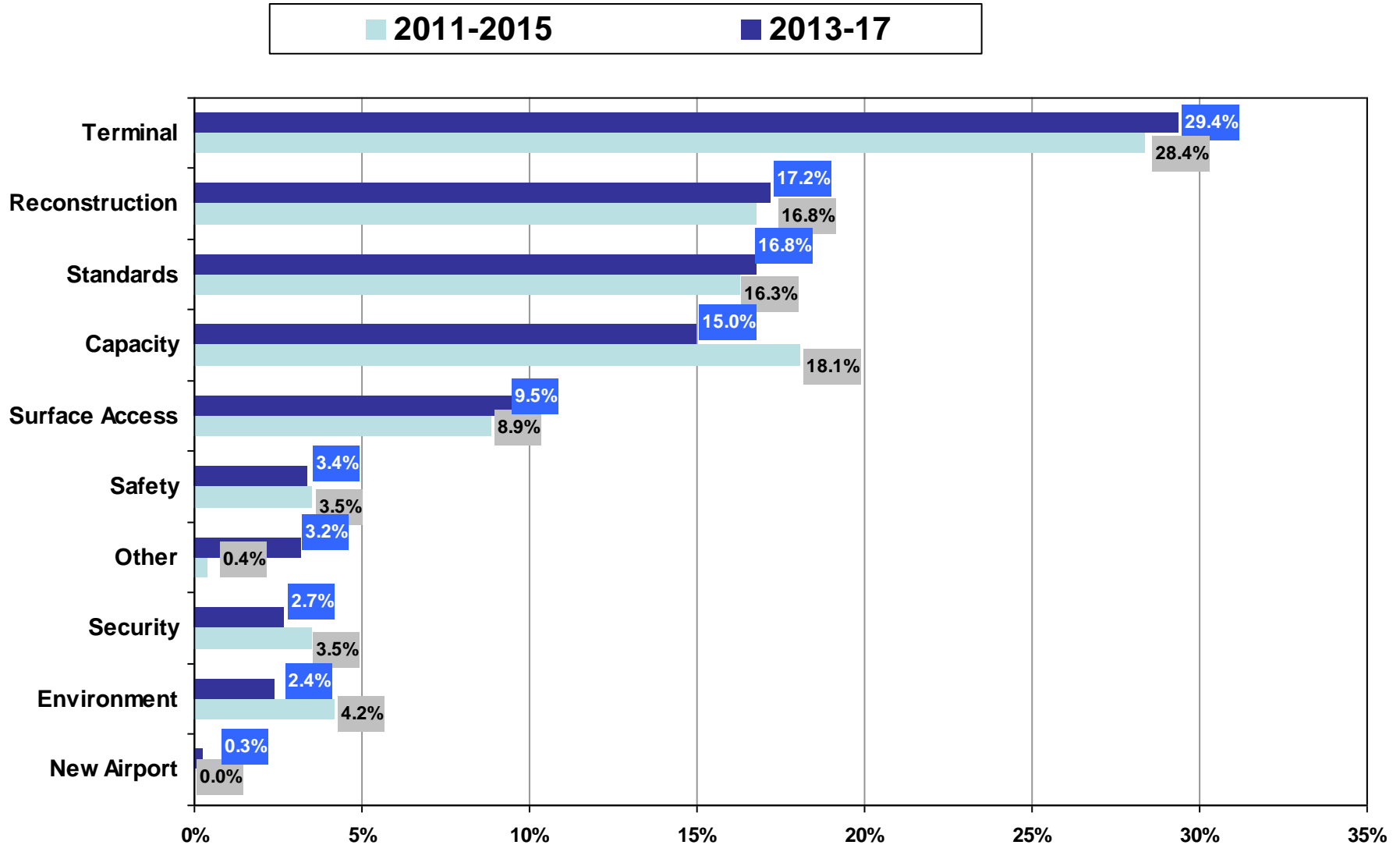
Note: Estimate for the entire industry including all non-hub & GA airports.

ACI-NA Capital Needs (2013-17) by Type of Development



Note: *Data from 28 large, 30 medium & 29 small hub airports.

ACI-NA Capital Needs by Type of Development



ACI-NA Airport Capital Needs

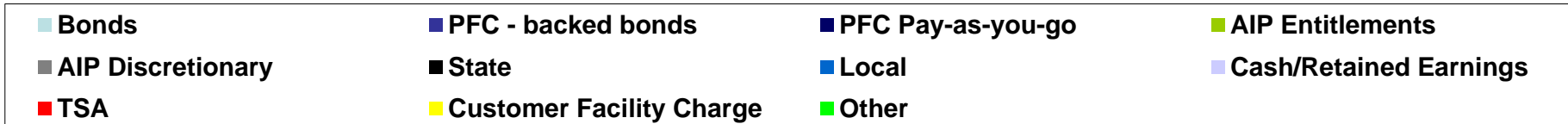
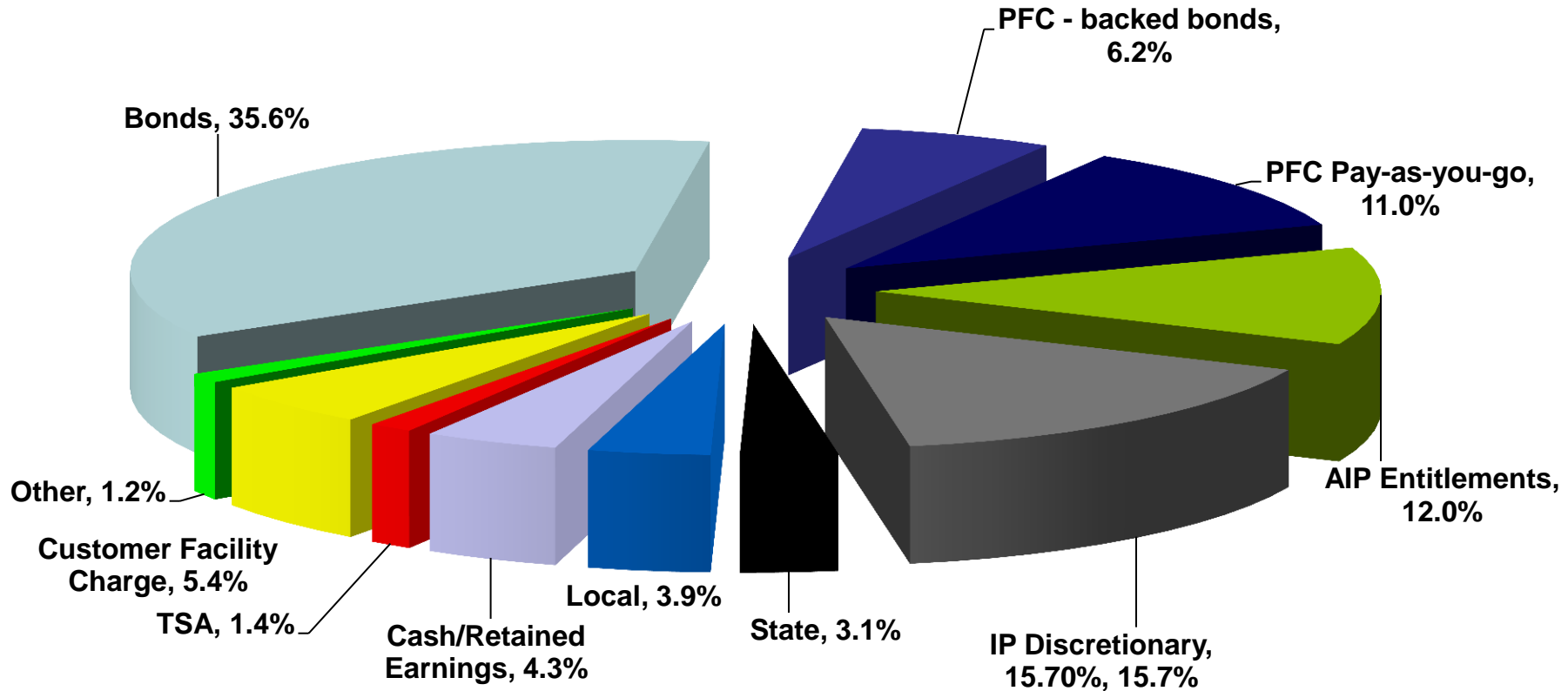
(Millions of Current Year Dollars)

	2013	2014	2015	2016	2017	Total	%
Large	7,995	7,926	7,769	6,091	7,229	37,010	51.9%
Medium	1,660	1,673	1,446	1,811	2,716	9,305	13.1%
Small	1,457	1,226	896	1,065	1,120	5,764	8.1%
Non-hub*	996	1,011	1,026	1,041	1,057	5,131	7.2%
Commercial Service*	136	138	140	142	144	701	1.0%
Reliever*	608	617	627	636	646	3,134	4.4%
GA*	1,985	2,015	2,045	2,075	2,107	10,226	14.3%
Total	14,836	14,605	13,948	12,862	15,019	71,270	100.0%

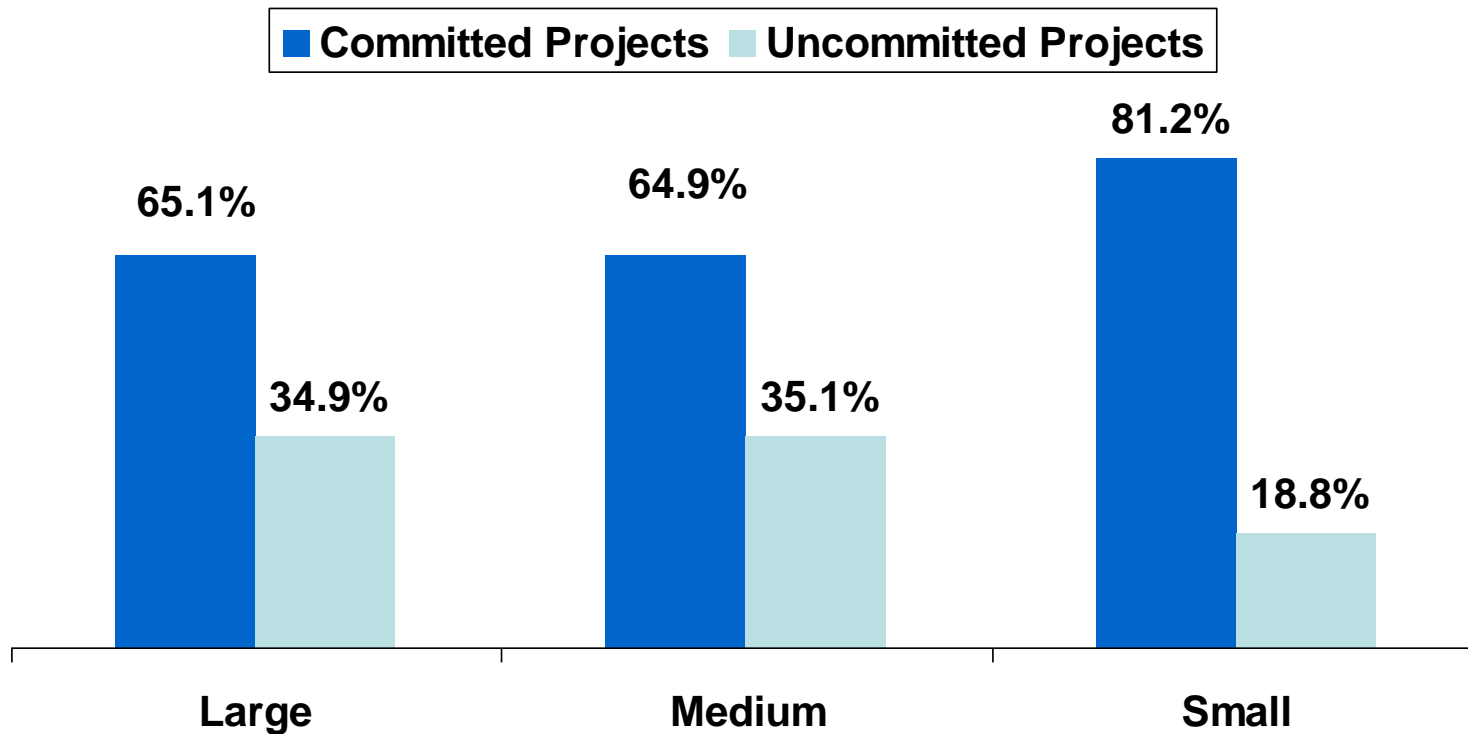
Note: Assumes a 1.5% annual increase in construction cost escalation.

* FAA NPIAS data adjusted with construction cost escalation.

ACI-NA Capital Needs (2013-17) by Planned Funding Sources for Committed Projects



Significant Amount of Projects Cannot Proceed without Adequate Funding



*Committed projects: projects for which financing was secured or was expected to be secured, and environmental and other required approvals had been obtained or were expected to be obtained. These are projects that airlines supported or did not block through such actions as Majority in Interest (MII) disapproval.

*Uncommitted projects: projects in airport master, layout, or capital plans that were essential to meet current or future air traffic growth and facility demand, but that could not proceed due to inadequate funding.

* Based on ACI-NA sample data only

2013 ACI-NA Airport Capital Needs Survey Conclusion

- ACI-NA 2013-2017 capital needs at \$71.3 billion, average annual = \$14.3 billion
- Conclusion:
 - Airports have delayed or scaled back capital projects in response to airline industry consolidation, reduced airline service, and challenging economic conditions
 - However, the existing federally-mandated funding system still fails to meet U.S. airport capital needs for modernizing aging infrastructure and expanding airport capacity which is critical for a safe, efficient and globally competitive aviation system.
 - Increasing the local airport user fee – the PFC - is long overdue. Airports should be provided the financial freedom to fund projects that will keep up with projected growth and continue to drive job creation and economic development. In the interim period before Congress considers increasing the PFC user fee cap, it is critical that they continue to protect the tax-exempt status of Municipal Bonds.