



2023 U.S. Airport Infrastructure Needs Report:

Growing Needs Heighten Urgency to Modernize America's Airports

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FOREWORD



Kevin M. Burke

President and Chief Executive Officer,
Airports Council International - North America

Dear Readers,

I am pleased to deliver ACI-NA's 2023-2027 Airport Infrastructure Needs Report. The report captures infrastructure needs from U.S. airports that are so vital for the economic well-being and the connectivity of local communities across the country.

Airports in the United States collectively need \$151 billion over the next five years in order to meet their infrastructure needs.

It is essential that we collectively find appropriate and sustainable ways to fund this significant amount. U.S. airports are well known for delivering cost-effective projects that directly benefit their communities. Meeting airport infrastructure needs is essential to ensure that airports can accommodate existing and future traffic with an enhanced consumer experience, add capacity that will strengthen the competitive landscape and drive airfares down, and meet the ambitious net zero agenda of the aviation industry.

To this end, ACI-NA is making constructive policy proposals to bridge the existing funding gap caused by stagnant AIP entitlements and persistently low PFC collection levels set against the backdrop of significant increases in the cost of delivering airport projects.

To conclude, I would like to thank all ACI-NA's member airports that contributed to this report, and I am looking forward to engaging with the White House, Congress, federal agencies, and industry stakeholders to make sure we deliver on the airport industry's demonstrated infrastructure needs.

Kevin M. Burke

EXECUTIVE SUMMARY

Airports have a footprint in every community in America and are critical to our country's economic success. Airports support 11.5 million jobs in the United States and produce an annual economic output of \$1.7 trillion. As the aviation industry continues its recovery and addresses the long-term operational challenges presented by the pandemic, sustained investment in infrastructure is now more necessary than ever. Continued infrastructure investment and reduced regulatory burdens for America's airports will support good-paying jobs, stimulate the economy, advance important environmental goals, and improve the passenger experience for millions of travelers.

Airports are still recovering financially from the aftereffects of the COVID-19 pandemic that decimated the entire global aviation system. Congress and the administration acted swiftly to provide emergency relief funds, which were an essential lifeline that helped airports continue to operate and build a healthier, more resilient system. While relief funds were necessary to keep the lights on at many airports, that money represents less than half of the more than \$40 billion U.S. airports lost due to COVID-19, causing many airports to take on more debt. And just as airports retooled their infrastructure after 9/11, they need to continue investing in additional modernization projects to make the system more resilient before the next major disruption.

Airports depend on congressional authority and funding to modernize aging facilities. In 2021, airports faced a backlog of planned and necessary infrastructure projects that totaled at least \$115 billion. **Now, just two years later, airport infrastructure needs have swelled to \$151 billion over the next five years.** The total cost of these critical projects dwarfs the funding available through annual Airport Improvement Program (AIP) grants, Passenger Facility Charge (PFC) user fee collections, grant funding available through the Bipartisan Infrastructure Law (BIL),

and net income generated by airports. Regulatory burdens that have hamstrung airports for decades continue to constrain the industry's ability to invest in infrastructure. And just like every other segment of the economy, airports have been impacted by inflation and the cost of infrastructure projects has skyrocketed.

Increasing AIP funding, expanding AIP eligibility, modernizing the outdated PFC, and reducing regulatory burdens would allow airports to use funds in a way that benefits them the best, which in turn benefits the communities they serve. Local airports know their needs better than anyone; in order to maximize that expertise, they need more flexibility to spend money as efficiently as possible, both for ongoing and future projects. AIP funding has remained stagnant for nearly two decades, and, in most instances, cannot be directed towards terminal projects—even though, as this report shows, these projects make up the vast majority of airports' infrastructure needs. Similarly, the PFC has been capped for more than 20 years with no adjustments for inflation. In other words, airports' primary funding mechanisms continue to lose purchasing power as inflation makes material, services, and labor costs increase while critical infrastructure needs continue to grow.

Airports are public institutions with a primary goal of serving communities and travelers. They have every incentive to use federal and local dollars responsibly. Airports need help cutting through unnecessary red tape to reduce regulatory burdens that are time consuming, delay critical infrastructure projects, and increase costs. Raising the cap on the PFC, allowing airports to use AIP funds to expand terminals, and providing more regulatory flexibility would result in more airline competition, lower fares, and an improved passenger experience.

It's time for Congress to make meaningful reforms in how we fund America's critical airport infrastructure.

INTRODUCTION



1.1 AIRPORT INFRASTRUCTURE NEEDS ARE PERSISTENT

As airport traffic is forecasted to reach its pre-COVID level in 2023, airports are back on a path of steady growth. The FAA projects that passenger traffic will increase to 158% of federal fiscal year 2019 level in 2040, and ACI World projects that cargo traffic will increase to 167% during the same time span.

Existing U.S. airport infrastructure cannot accommodate such growth. Both existing and new traffic require airports to maintain and modernize legacy assets and at the same time add new capacity. Airports are aging fast, as airport operators depreciate about \$8 billion of airport assets every year. Aging airport infrastructure needs

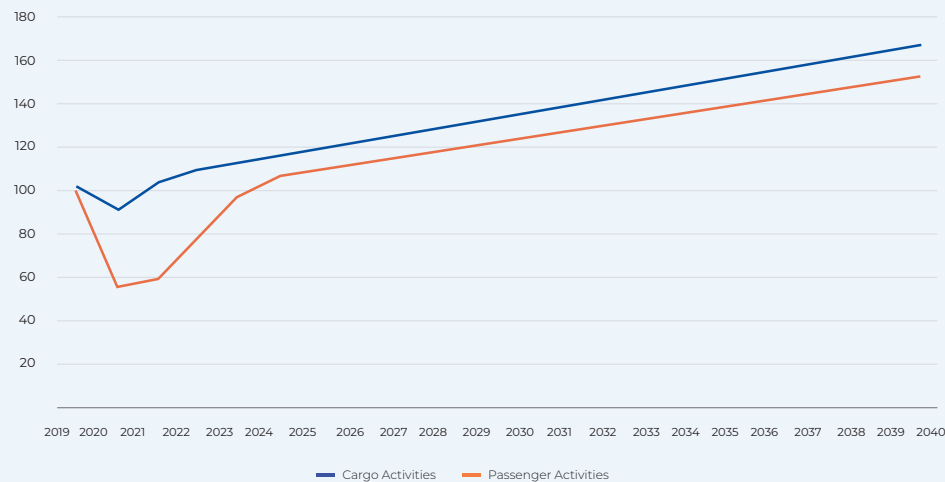
to be replaced, and capacity must be incrementally added to the system to cope with growth in both passenger and cargo traffic.

Traffic growth is not the only driver for airport infrastructure. Other equally important factors require airports to continuously and significantly invest in infrastructure development.

Investments in airports are a key driver to enhance airline competition and unlock more competitive airfares. Adding new capacity creates the possibility for new entrants to effectively compete with incumbent carriers. This is especially critical in a context where

Figure 1

Passenger and Cargo Forecast (2019 = 100)



Sources: Cargo activities - ACI World Traffic Forecast 2021-2040 (calendar years); passenger activities - FAA 2022 TAF (federal fiscal years).

Figure 2

Historical Depreciation (in billions)



Sources: FAA Certification Activity Tracking System, Form 5100-127, unadjusted.

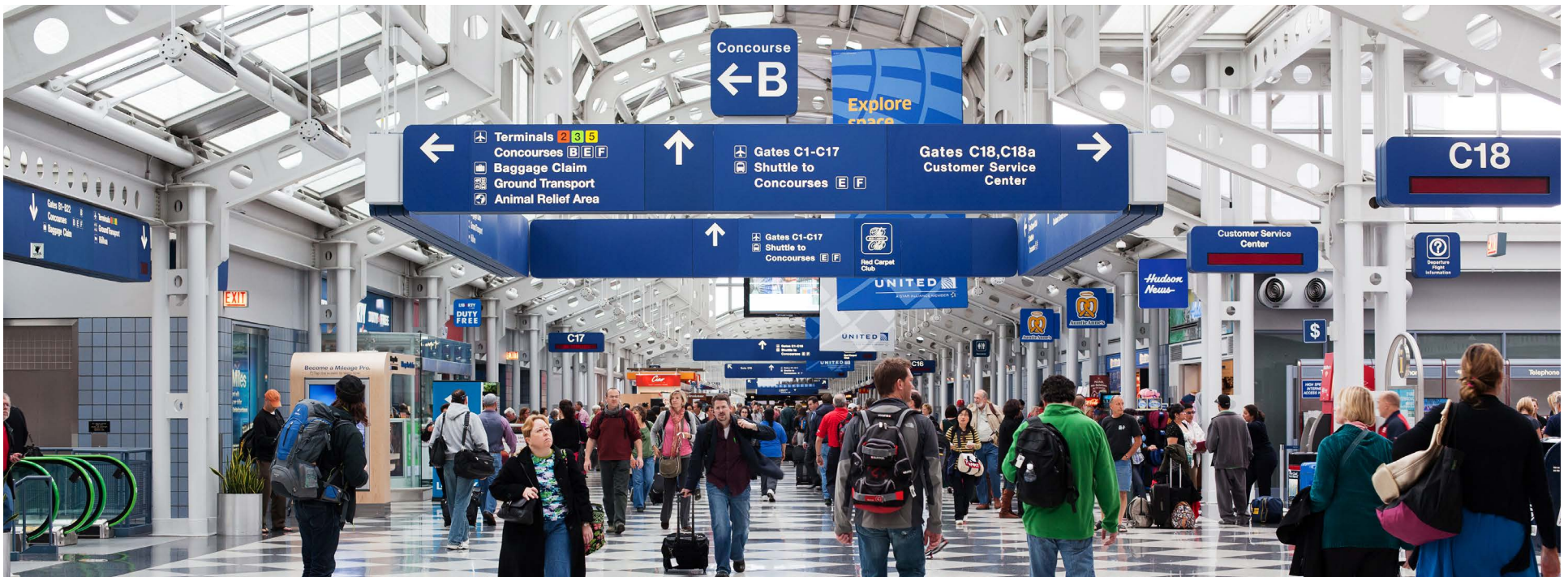
1.1 AIRPORT INFRASTRUCTURE NEEDS ARE PERSISTENT

current airline consolidation in the United States creates concerns about the competitive landscape in aviation.

Airports also need to change at the same pace as passenger needs. Airport customers expect airports to fully embark on the digitalization of airport processes and to receive a stellar customer experience. Meeting passenger needs requires significant upgrades to an aging infrastructure.

Finally, airports are committed to meeting existing and new environment regulatory requirements. Airports have committed at the global level to reach net zero carbon emissions by 2050, which will require critical support in infrastructure investment.

- Airport traffic is growing steadily — more than 150% passenger and cargo growth by 2040
- Airports are aging fast — \$8B depreciation annually
- Airports are committed to net zero growth by 2050



O'Hare Airport courtesy of MivPiv

1.2 INVESTING IN AIRPORTS IS AN INVESTMENT IN THE AMERICAN ECONOMY



Airports are powerful engines of the U.S. national economy, and each individual airport is an important engine to the success of its local community.

Airports supported 11.5 million jobs in the United States before the COVID-19 pandemic devastated the entire industry. Additionally, airports created an annual payroll of \$525 billion and produced an annual economic output of \$1.7 trillion.

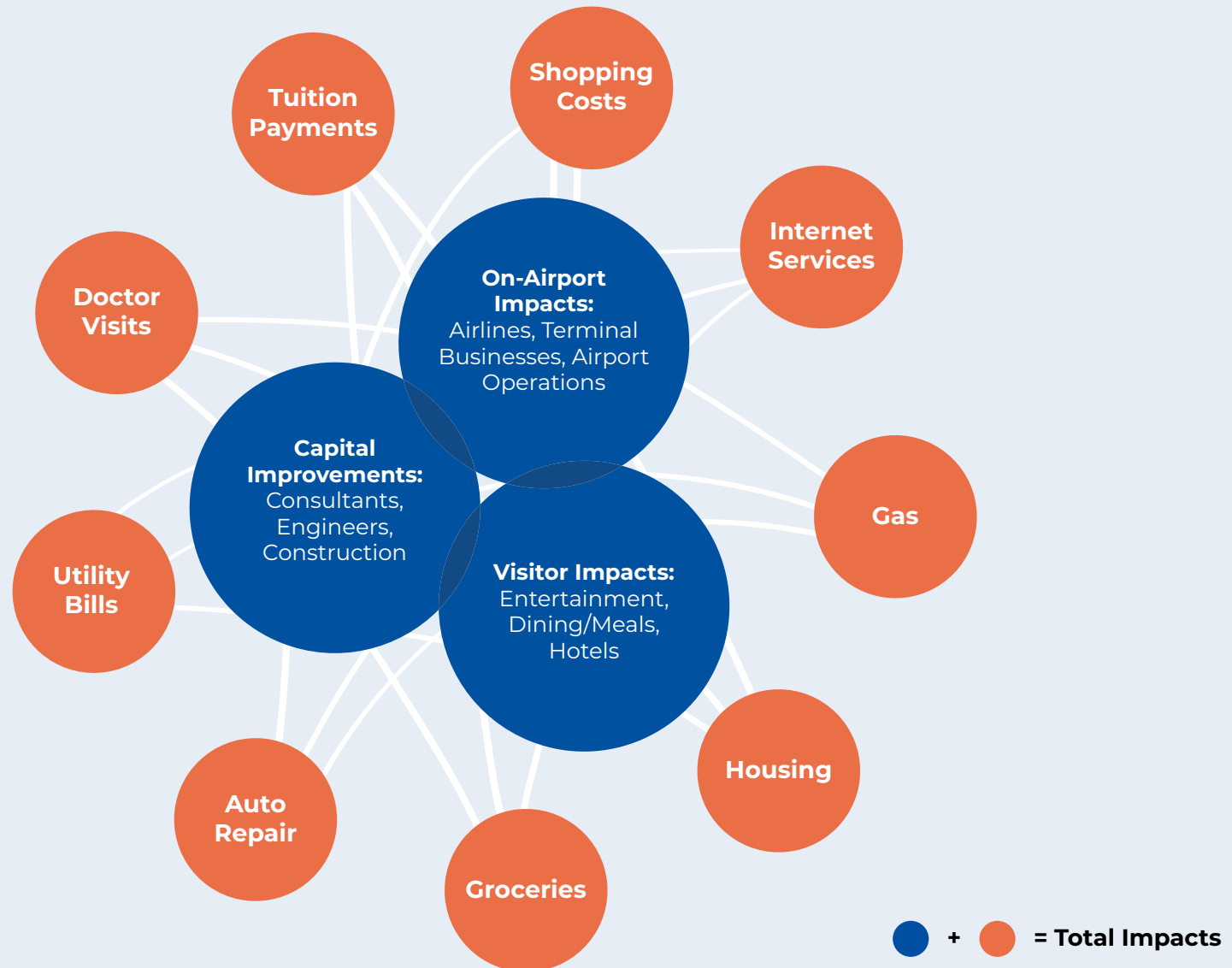
To put these economic benefits in perspective, airports comprised 7.1 percent of the U.S. workforce and 7.2 percent of the U.S. GDP.

Airports continue to facilitate critical economic activity, tourism, trade, and investments in the U.S. economy, and contribute to the well-being of their local communities. This requires steady, stable, and enhanced funding for airport development.

Infrastructure needs must be met to ensure that airports continue to be the economic engine that the U.S. economy needs. Not investing in airport capacity, efficiency, environmental goals, and customer experience will jeopardize the role they play and will in turn negatively impact the U.S. economy.

Figure 3

Engines of Economic Growth for Local Communities



Project Spotlight

JFK International Airport Redevelopment Program



Image Courtesy of The Port Authority of NY & NJ

JFK International Airport

In January 2017, the JFK Vision Plan was announced to transform John F. Kennedy International Airport into the world-class airport that New Yorkers deserve. The Vision Plan provides a strategic framework for the Port Authority and its partners to completely redevelop, modify and expand existing facilities and infrastructure. There are four major components of the airport's transformation:

The \$9.5 billion development of a state-of-the-art new Terminal 1 will anchor the airport's south side and deliver a 2.4-million-square-foot terminal. The new terminal will be JFK's largest (by square footage) and will feature 23 gates, including 22 widebody gates, on the site of the current Terminals 1 and 2 and the former Terminal 3. That project broke ground in September 2022.

The \$4.2 billion project to develop a new, 1.2-million-square-foot new Terminal 6 on the airport's north side that will feature 10 new gates, including 9 widebody gates, broke ground in February 2023.

The \$1.5 billion expansion of Terminal 4, led by Delta Air Lines and JFK International Air Terminal, is now under construction.

The \$400 million modernization and expansion of Terminal 8, led by American Airlines, which operates the terminal, and British Airways, which relocated to Terminal 8 late last year, was substantially completed as of November 2022.

These privately financed terminal projects combined with the Port Authority's roadway, parking and infrastructure projects represent an \$18 billion transformation of JFK International and an extraordinary series of public-private partnerships. The Port Authority capital investment of \$2.9 billion is leveraging private investment at a rate of more than five to one when taking into account the full private investment of more than \$15 billion that has been committed to the four projects comprising the full JFK redevelopment program.



Image Courtesy of Southwest Florida International Airport



Southwest Florida International Airport

It had become increasingly harder to balance Southwest Florida International Airport's peak-hour gate capacity between the three existing concourses, especially during the busiest times of the season. Most of the airlines that operate at RSW, schedule arrivals and departures during four peak times of the day. Compounding this situation is that RSW is one of the most seasonal airports in the United States. Nearly 25 percent of all annual operations occur in February and March, with March having 125 percent more operations than the lowest month of September. This dramatic difference in operational levels results in the three existing RSW security checkpoints and individual concourses becoming extremely congested during the peak-travel season period between Thanksgiving and Easter.

The RSW Terminal Expansion Project is a \$331 million capital improvement, which began in October 2021 and is planned to be completed in late 2024. It will enhance the RSW passenger experience by consolidating checkpoint operations and shortening passenger wait times; increase airside concessions and add new food, beverage and retail options, with an emphasis on local offerings and other amenities; provide connectivity between concourses; feature a branded business lounge; and maintain a light, bright, spacious terminal building for passengers to enjoy.





AIRPORT INFRASTRUCTURE NEEDS



Photo Courtesy of Southwest Florida International Airport

2.1 AIRPORT INFRASTRUCTURE NEEDS ARE CRITICAL TO AIRPORTS ACROSS THE UNITED STATES

ACI-NA estimates that the total airport infrastructure needs for the 2023-2027 period are \$151 billion. Virtually all airports, irrespective of their size and geographical location, are in need of increased capital expenditure to maintain and/or expand their infrastructure in order to accommodate airlines and passengers, enhance the efficiency of their processes, and increase service quality and customer experience.

-  **Large Hub Airports** with 70 percent of all enplanements, account for \$15.8 billion per annum (53 percent);
-  **Medium Hub Airports** with 17 percent of all enplanements, account for \$5.6 billion per annum (19 percent);
-  **Small Hub Airports** with 4 percent of all enplanements, account for \$3.1 billion per annum (10 percent); and
-  **Non-Hub Airports** with 3 percent of all enplanements, account for \$1.6 billion per annum (5 percent)

ACI-NA Estimates Over \$151 Billion In Infrastructure Needs for 2023 - 2027

(Billions of Current Year Dollars)

Figure 4

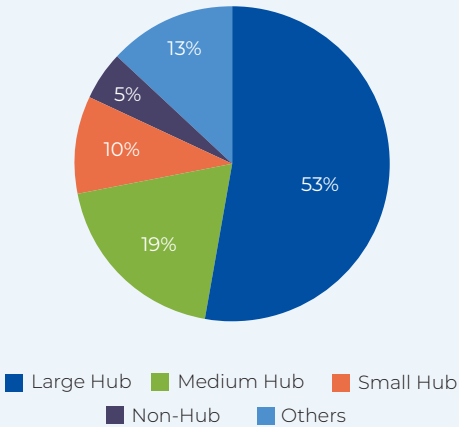


Table 1

Hub Size	Average Annual Capital Needs Estimate
Large Hub	\$15.8
Medium Hub	\$5.6
Small Hub	\$3.1
Non-Hub	\$1.6
Others	\$4.1
Total	\$30.2

2.1 AIRPORT INFRASTRUCTURE NEEDS ARE CRITICAL TO AIRPORTS ACROSS THE UNITED STATES

This \$151 billion over the 2023-2027 period is a 30.9 percent increase compared to ACI-NA's 2019-2023 estimate. The increase is primarily driven by delayed investments due to the COVID-19 pandemic; as aviation recovered, airports reevaluated their infrastructure needs.

Additional funding enabled by the Bipartisan Infrastructure Law is a welcome and much-needed boost to kick-start critical infrastructure projects, but the growing gap between airport infrastructure needs and the available funding is of significant concern.

Airport infrastructure needs extend far beyond the funding available through annual AIP grants, PFC collections, and airport generated net income.

Table 2

Large Hubs Still Account for the Largest Share of Total Infrastructure Needs, Medium Hubs Represent the Fastest Growing Infrastructure Needs

(Billions of Current Year Dollars)

Airport Category	2021-2025	2023-2027	Percent Growth
Large	\$63.9	\$79.3	24.1%
Medium	\$16.9	\$28.0	65.2%
Small	\$12.4	\$15.4	24.5%
Non-Hub	\$6.6	\$8.1	22.9%
Other	\$15.6	\$20.3	29.8%
Total	\$115.4	\$151.1	30.9%

2.2 AIRPORT TERMINAL PROJECTS ACCOUNT FOR A MAJORITY OF INFRASTRUCTURE FUNDING NEEDS

Airport infrastructure needs span the entire infrastructure ecosystem, but terminal projects make up the bulk of airport needs.

For 2023 through 2027, terminal building projects represent 43 percent of the total infrastructure development, followed by airfield projects that represent 27 percent of total costs and ground access projects that represent 11 percent of total costs.

Terminal building projects are those necessary to accommodate more airlines and more passengers, improve the efficiency of passenger and cargo processing, increase levels of service, and embark and/or continue on the decarbonization pathway.

Terminal building projects are also the most critical to stimulate

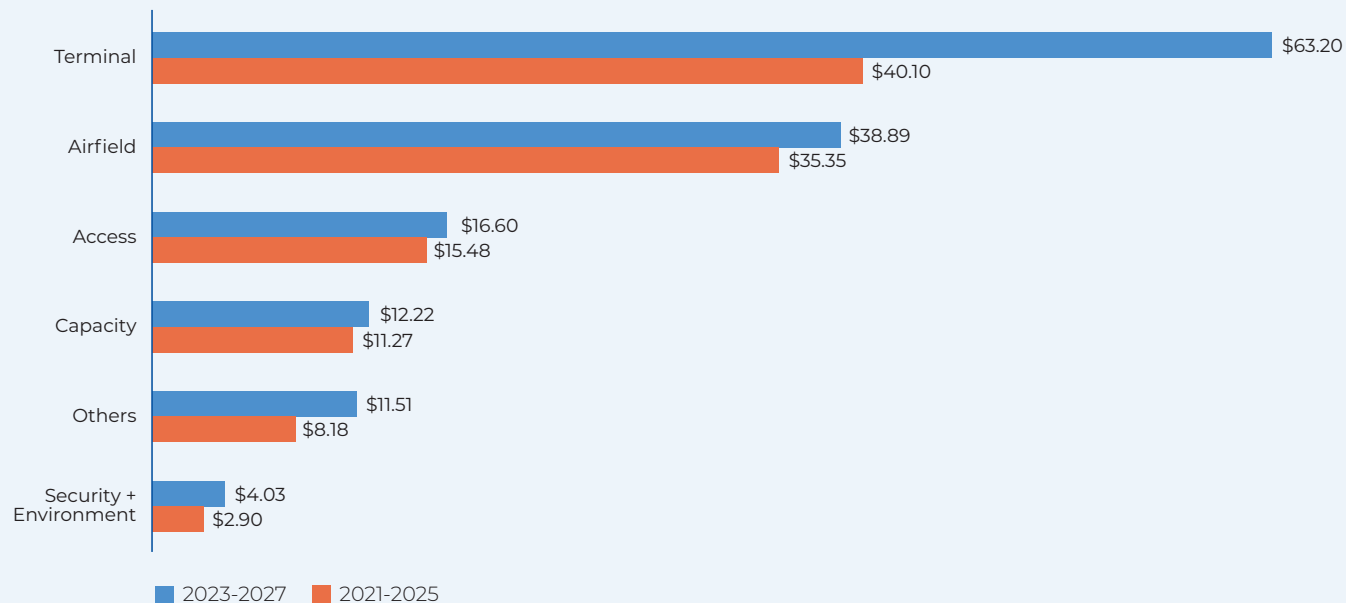
competition, lower airfare and improve connectivity, directly enhancing the well-being of the local community airports serve.

Airports must be in a position to fund these projects. Failing to do so means turning down the opportunity to add new entrants that stimulate competition and reduce airfares for consumers, foregoing new frequencies and new routes that increase connectivity for the benefit of local community, failing to add capacity to accommodate growing passenger demand in modern facilities, and not meeting environmental commitments made to airport communities.

Other project types are equally critical to ensure the safe and secure operation of airports.

Figure 5

Infrastructure Needs by All Project Types Increase from 2021-2025 to 2023-2027 (in billions)



2.3 THE FAA ALSO HIGHLIGHTS THAT AIRPORTS HAVE CRITICAL INFRASTRUCTURE NEEDS

The FAA's 2023-2027 National Plan of Integrated Airport Systems (NPIAS) estimates approximately \$62.4 billion in airport development between 2023 and 2027 for projects identified by airport for funding under AIP and BIL.

FAA estimates of grant-eligible projects, which show significant capital needs, remain limited and do not capture the overall airport infrastructure needs that ACI-NA projects. The two estimates are complementary as they demonstrate that airports have critical infrastructure needs that are not funded, with ACI-NA's estimates being the most comprehensive because they include ALL airport projects:

- While FAA only considers AIP and BIL eligible projects, ACI-NA provides a complete overview of airport infrastructure needs, including parking facilities, hangars, cargo buildings, the revenue producing portions of passenger terminals, and certain improvements to highway and transit airport access systems.
- **While FAA estimates include only those projects that have an identified funding source, ACI-NA's estimates include all projects, whether or not they have an identified funding source.**
- ACI-NA estimates also rely on more recent data that is adjusted for inflation and includes contingency costs.

Figure 6

Accounting for FAA estimates





Image Courtesy of Dallas Fort Worth International Airport

Project Spotlight

Dallas Fort Worth International Airport
Central Terminal Area Expansion Program

Dallas Fort Worth International Airport

DFW is one of the largest airports in the world and has aggressive goals for sustainability, customer experience, and growth. When it comes to reducing its environmental impact, DFW is taking a balanced approach. By switching to renewable energy and implementing programs to use more of it, DFW has dramatically reduced its carbon footprint - and its energy costs.

To address current and future heating and cooling demand, improve resiliency, maximize efficiency, and position itself to achieve Net Zero Carbon by 2030, DFW plans to construct a new Zero Carbon Electric Central Utility Plant and replace its aging steam piping distribution system with a highly efficient hot water piping system.

Other projects, such as Piers at Terminals A and C will be built to provide gate capacity needed at the Central Terminal Area in response to the growth of American Airlines operations in the medium term. These piers will increase gate capacity and enhance the customer experience with improved flows, additional concession areas and new boarding facilities. Airfield Ramp Improvements and the Service Delivery System projects will facilitate the construction of the piers and renovations to Terminal C. Terminal C and associated roadways and garages will be renovated to upgrade systems and the dated finishes to extend the life of the facility another 30 years. Code, life safety and accessibility items will also be addressed, as well as improvements to the overall function and operations flows within the garage, roadway, and terminal spaces.

The High C Demolition and Reconstruction project demolished five “temporary” gates that were originally added to Terminal C in 1988 replacing them with newly designed, innovative and spacious gates built using a modular construction method.



Project Spotlight

Spokane International Airport
Concourse C Expansion Project

Spokane International Airport

The Concourse C Expansion Project, the first phase of the Terminal Renovation and Expansion (TREX) Program, is a 144,000 square foot, \$150 million expansion that adds three new gates, replaces current ground boarding gates with three passenger loading bridges, modernizes the existing upper C Concourse gates and extends the ticket counter area with six new ticket counter locations for airlines. The project will also make environmental and energy efficient improvements to the terminal building and offer additional customer amenities for passengers.

The airport terminal facility is outdated and lacks the ability to add gate capacity to handle the Spokane/Coeur d'Alene Region's increasing passenger traffic demand. The project will not only help to meet the needs of current and forecasted future passenger traffic, but also deliver a modern airport experience with world-class customer service.

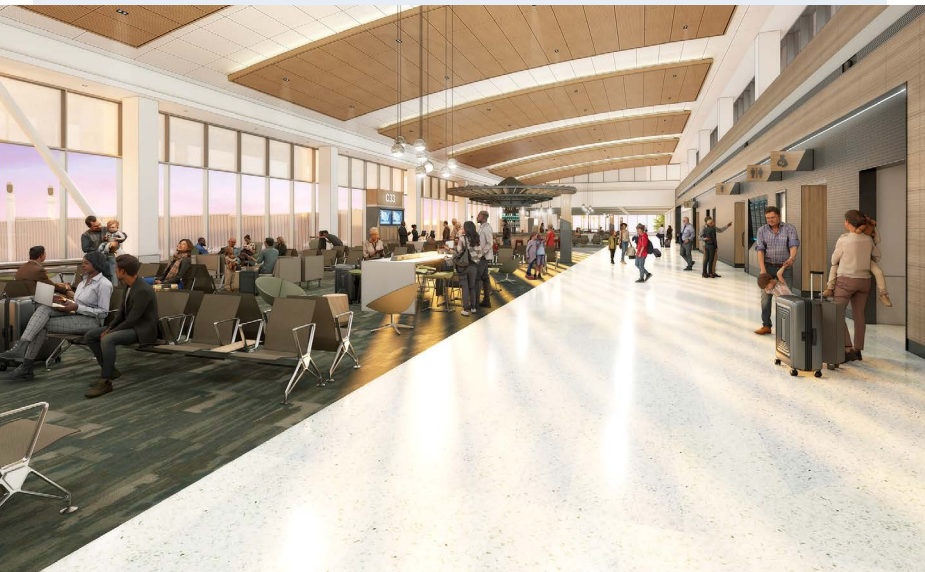


Image Courtesy of Spokane International Airport

CURRENT REVENUE SOURCES CANNOT BRIDGE THE GAP



Photo Courtesy of Ron and Patty Thomas

3.1 CURRENT AIRPORT REVENUE SOURCES AND FEDERAL ASSISTANCE ARE INSUFFICIENT TO MEET AIRPORT INFRASTRUCTURE NEEDS

The airport industry is grateful for the COVID-relief grants and Bipartisan Infrastructure Law (BIL) funding for the entire aviation ecosystem while it experienced its worst-ever crisis.

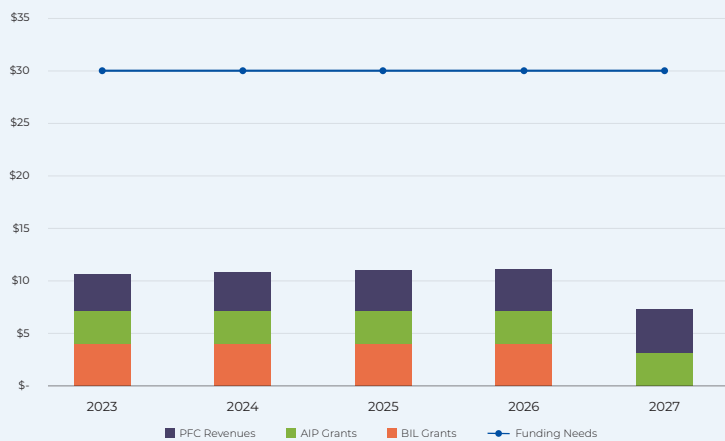
COVID-relief grants are designed for airport operational expenses and aimed at bridging the revenue gap engendered by the collapse of air traffic. Congress authorized airports to draw on COVID-relief grants for a four-year period, enabling airports to do sound, medium-term planning and smooth the shocks to their operating expenditures.

Regarding funding and financing capital expenditures, airports historically rely on a limited array of revenue streams.

Aeronautical revenues are drastically limited in the United States. While in rest of the world airports can set charges to recover their full costs (including cost of capital) and therefore finance their developments, airports in the United States are:

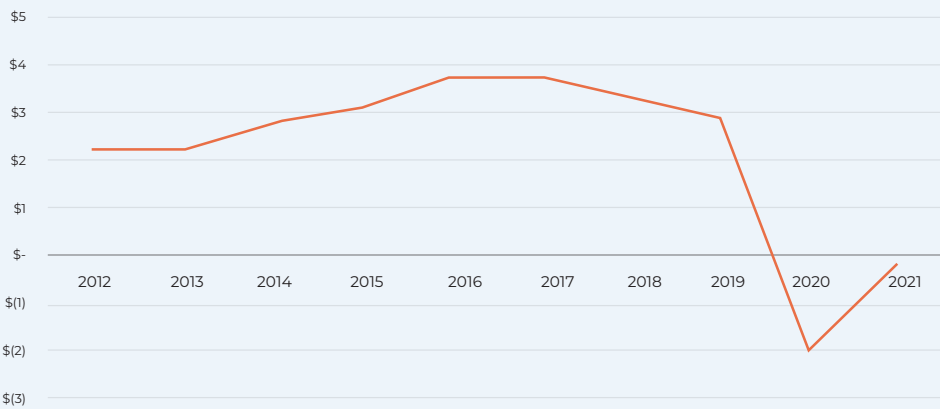
- Drastically limited by a strict cost-recovery rates and charges policy for their airside facilities;
- Prohibited to charge passenger-based passenger service charges to recover the costs of providing and financing terminal buildings (such passenger service charges, which are present in virtually all other countries in the world); and
- Subject to an outdated federal cap on the passenger facility charge at \$4.50 per segment.

Figure 7
Capital Needs and Selected Funding Sources (in billions)



Sources: Funding Needs - ACI-NA Infrastructure Needs Survey; funding sources: estimated by ACI-NA.

Figure 8
Net Revenues Less Debt Service (in billions)



Sources: FAA Certification Activity Tracking System, Form 5100-127, unadjusted.

3.2 RISING COSTS CONTINUE TO ERODE AIRPORTS' INFRASTRUCTURE FUNDING

Airport construction costs have jumped by 40 percent since 2012, outpacing general inflation, which increased 27 percent over the same period, and significantly accentuated construction costs. Tensions on supply chains, increases in construction material costs, and increases in U.S. labor costs all contribute to increases in the cost of airport projects.

In this inflationary context, airports' traditional sources of funding are continually eroded, drastically limiting the ability to finance airports' most basic infrastructure needs and deliver on critical projects.

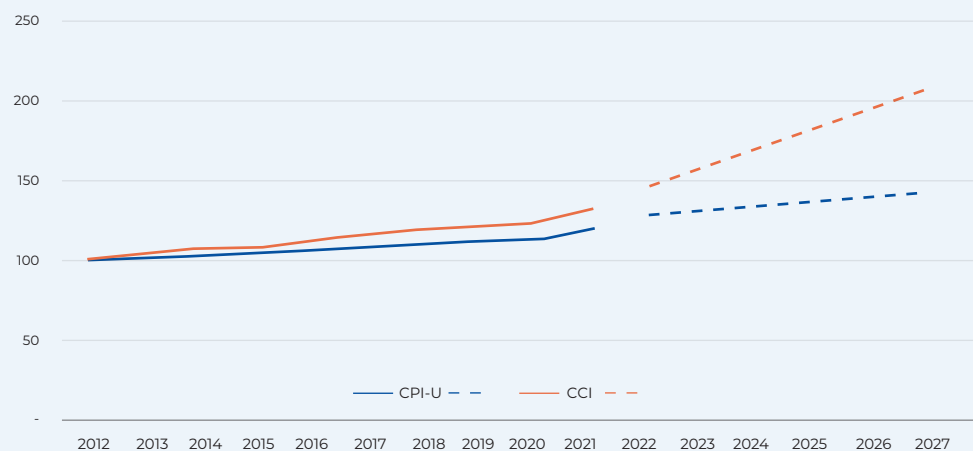
AIP has remained stable at about \$3.35 billion per annum since 2001; the purchasing power of AIP has nearly halved since 2001. Furthermore, the use of AIP is strictly limited to AIP-eligible criteria and in most instances cannot be directed towards terminal projects, even though those projects are the ones in the most need of funding.

“For generations, our region has been the nation's front door to the world. Finally, with the transformation of JFK International, it will become the airport that it was always destined to be - a state-of-the-art global gateway that tells visitors they've arrived in the greatest region of the nation. At JFK, at LaGuardia Airport and at Newark-Liberty International, we are making unprecedented investments in the future of our region.”

Port Authority of New York and New Jersey

Figure 9

Consumer Price Index and Construction Cost Index (2012 = 100)



Sources: CPI-U: Bureau of Labor Statistics (through 2022); estimates using congressional budget office percentages (2022-2027). Construction Cost Index: Engineering News-Records (through 2021); ACI-NA estimates (2023-2027)

Regarding the PFC, there is no inflation adjustment nor automatic annual increase of the PFC cap. As such, the purchasing power of the PFC is continuously decreasing and has nearly halved since the cap was last raised in 2000.

Finally, BIL was a much-needed lifeline to partially bridge the infrastructure needs funding gap, but the purchasing power of BIL grants is also suffering from inflation. The program was first proposed in March 2021 and approved by Congress in the fall of 2021. The United States has since then experienced a historically high level of inflation in 2022, which eroded BIL's purchasing power.

3.3 AIRPORT DEBT IS SKYROCKETING

Bonds and other forms of debt have been a necessary tool for airports to finance infrastructure projects, but they come with a high price tag.

Because the funding gap is so wide, airports in the U.S. have been forced to take on debt just to fund the maintenance of existing assets – rather than to finance capital expenditure.

ACI-NA has alerted that continuing to take on more debt is not sustainable. Many airports have some level of debt that they must continually service to maintain their credit ratings, and some have already reached their borrowing capacity.

Approximately \$8 billion in airport bond principal and interest payments are due each year, with total outstanding debt for U.S. commercial airports standing at roughly \$111 billion at the end of the 2021 fiscal year. Bloomberg reported at least \$137 billion debt outstanding for the whole U.S. airport industry as of March 2023.

“When the new facility opens, the airport will reflect the beauty of the region and improve the customer experience for everyone who calls the Pittsburgh region home by cutting the time to go from curb to gate in half, stabilizing costs, and being a model of sustainability, safety and security in the 21st century. This is a facility being built for and by Pittsburgh.”

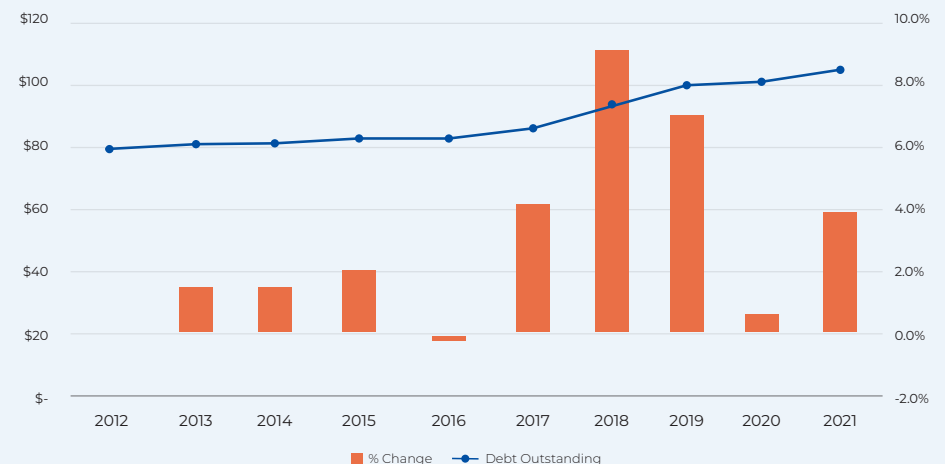
Pittsburgh International Airport

“The Terminal Expansion Project is essential not only for growth of Southwest Florida International Airport, but also the communities it serves to support business development, economic growth and tourism in our region. This vital infrastructure project will redefine the way our airport operates, while providing a world-class travel experience and sense of place for the millions of people that use RSW as their gateway to Southwest Florida.”

Southwest Florida International Airport

Figure 10

Long Term Debt-Outstanding (in billions)



Sources: FAA Certification Activity Tracking System, Form 5100-127, unadjusted.

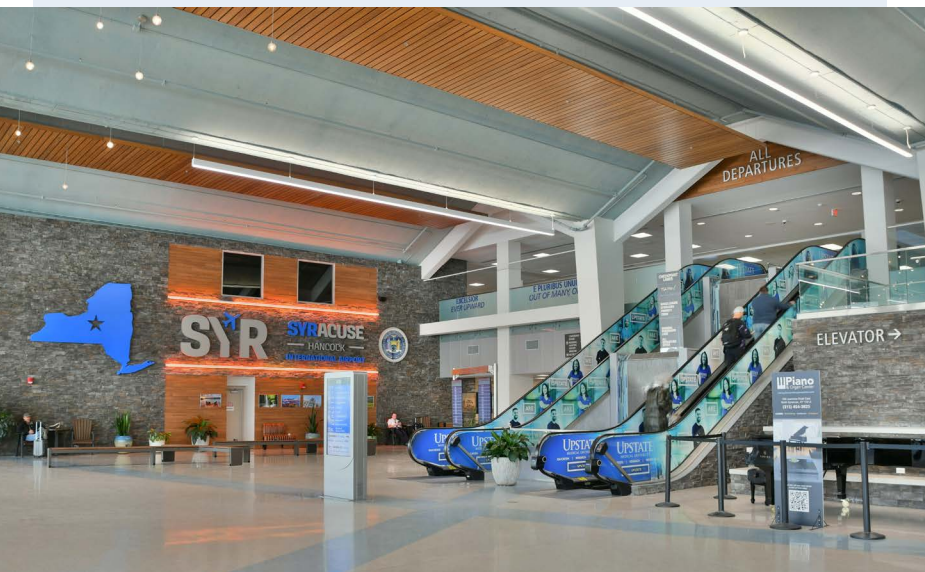


Image Courtesy of Syracuse Hancock International Airport

Project Spotlight Syracuse Hancock International Airport Landside Improvement Project

Syracuse Hancock International Airport

As passenger traffic at SYR surges to levels not seen in over three decades, parking demand has followed suit. To continue meeting the needs of the community, SYR has embarked upon the multi-year Landside Improvement Project. This project will see the replacement of the airport's current parking garage with two taller garages in a similar footprint. This will be the largest contributor to the estimated 44% increase in parking capacity at the airport once the project is complete. The project also consists of the development of a new Consolidated Rent a Car (ConRAC) facility, improving the customer experience for rental car users. To accommodate the increased vehicular volume, new circulation roadways and a doubling of curb front capacity will be created. The latter will also provide a centralized pick up point for arriving passengers, increasing the efficiency of ground transportation at the airport. The project will be conducted in a phased approach with construction expected to commence in Q4 2024.

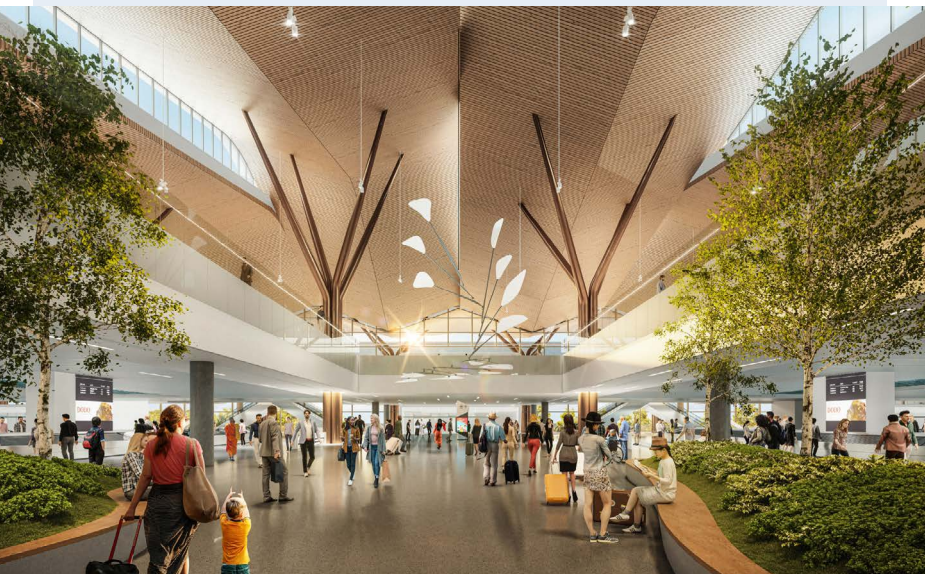


Image Courtesy of Blue Sky News/Pittsburgh International Airport

Project Spotlight Pittsburgh International Airport Terminal Modernization Program

Pittsburgh International Airport

Pittsburgh International Airport's Terminal Modernization Program is a \$1.4 billion project to create a new consolidated terminal that modernizes outdated former hub facilities, better serves passengers, fuels the region's future development, stabilizes long-term costs for airlines and evokes the essence of Pittsburgh. The TMP encompasses two components: a state-of-the-art new landside terminal and a Multi-Modal Complex (MMC) for ground transportation, more covered parking and a roadway system connecting the new terminal and MMC with the existing airport roads. The new, modernized airport, slated to open in 2025, will be tailored to the Pittsburgh market needs with shortened walk and wait times, intuitive wayfinding and new concessions. Built "for Pittsburgh, by Pittsburgh," the design of the new terminal reflects the natural beauty of western Pennsylvania, and it is being built with mostly locally sourced materials.



Image Courtesy of Austin-Bergstrom International Airport

Project Spotlight Austin-Bergstrom International Airport AEDP Airfield Infrastructure + Utility Infrastructure Airside and South Campus Project

Austin-Bergstrom International Airport

Journey With AUS is a multiyear airport expansion and capital investment program that will meet the needs of the rapidly growing central Texas region, maintain excellent passenger experience, and provide flexible expansion for dynamic airline growth. On-going short term projects include a new outbound baggage handling system, improved TSA checkpoints, and a Westside expansion of the gate area that will add 30,000 square feet of new space. Long term expansion plans are currently in development. They include building an additional terminal connected to the existing terminal through an underground tunnel.

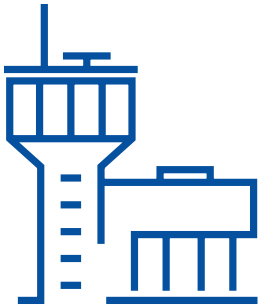
THE WAY FORWARD: MODERNIZE AMERICA'S AIRPORTS



Image Courtesy of The Port Authority of NY & NJ

4.1 INVESTING IN THE PASSENGER EXPERIENCE

With a collective need of \$151 billion in infrastructure development, there is an undeniable, pressing need to modernize America's airports by investing in new facilities, reducing regulatory burdens, and helping airports prepare for new opportunities in the future.



Invest in Facilities

Congress can accelerate improving the passenger experience for millions by making meaningful adjustments to the Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) program. Increasing AIP funding and expanding the program's eligibility to terminals and other projects, coupled with a long overdue adjustment to the federal cap on PFC user fees, would help airports build the 21st century facilities needed to accommodate rising customer volumes and expectations.



Relieve Regulatory Burdens

Airports face many unnecessary and costly hurdles set forth by the federal government, from overregulation of airport land use decisions to delays in project approvals. Congress should help cut this bureaucratic red tape and ensure no new federal strings are attached to airport funding programs.



Prepare for New Opportunities

With the aviation industry facing an avalanche of challenges today – aging technology, workforce shortages, and new entrants ready to access the airspace – airports need help preparing for a variety of new air service, cargo, and business development opportunities at their facilities.

4.2 REFORM THE AIRPORT IMPROVEMENT PROGRAM

Airports urge Congress to increase funding and expand project eligibility for the traditional Airport Improvement Program (AIP), which has remained stagnant at \$3.35 billion for almost two decades.

Increasing annual AIP funding will help airports meet growing infrastructure needs highlighted in this Infrastructure Needs Report and validated by the FAA in its most recent National Plan of Integrated Airport Systems (NPIAS) report – needs that are exacerbated by the program's reduced purchasing power and significant construction-cost inflation.

We also propose **loosening the federal restrictions on AIP eligibility** and recalibrating the program to meet with present and future needs of both commercial service and general aviation airports.

Airports are grateful that the Bipartisan Infrastructure Law (BIL) included \$20 billion to help airports build critical infrastructure projects. This much-needed funding will serve as an important down payment to help bridge the enormous funding gap for airport infrastructure nationwide, but **the need for additional, consistent, and annual federal investment remains in a context where airports in the United States collectively need \$151.1 billion over the next five years to meet their infrastructure needs.**

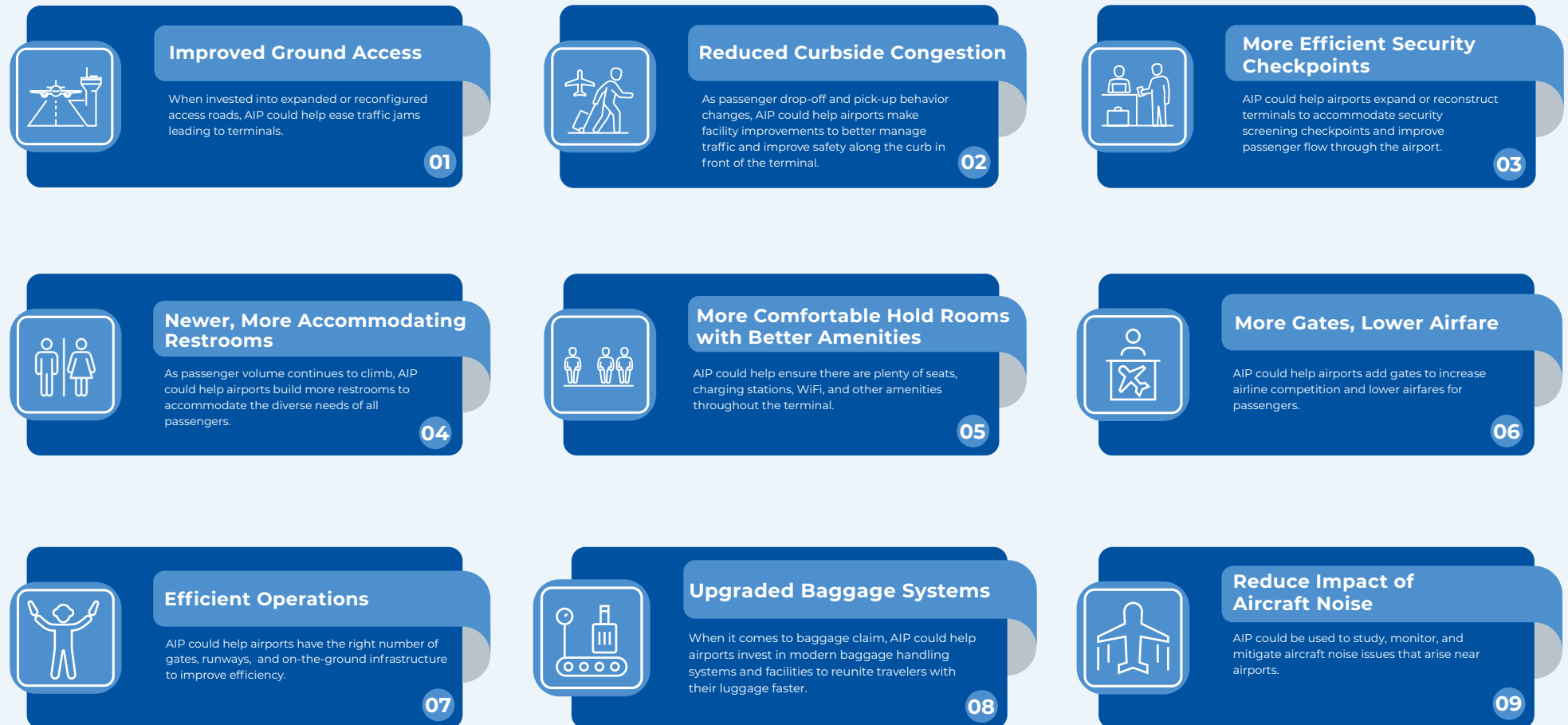
“ The Spokane/Coeur d’Alene Region has experienced considerable growth as people seek to make our area their home and to base their businesses here. As the region continues to grow it is critical to have a terminal facility that can handle increasing demand. The Concourse C Expansion Project is a substantial infrastructure investment that brings additional capacity as well as flexibility through the use of common use technology to maximize gate efficiency while also providing an improved passenger experience that welcomes passengers from the world to our community. The project will also inject dollars into the local economy by creating nearly 1,200 new jobs and generating over \$313 million of economic activity in Spokane County and Washington state.”

Spokane International Airport

Moreover, there were more than 650 applications totaling \$14 billion for the first \$1 billion in terminal upgrades provided under BIL and nearly \$10 billion for the second round of airport terminal funding, highlighting the significant demand for scarce infrastructure resources.

Congress also could **improve AIP by extending eligibility to more capital projects; adjusting funding formulas for both commercial service and general aviation airports; and expediting the release of AIP grants to airports.**

Figure 11

Potential benefits to increase and expand AIP eligibility

4.3 MODERNIZE THE PASSENGER FACILITY CHARGE PROGRAM

Airports continue to urge Congress to adjust the outdated federal cap on local Passenger Facility Charges (PFC), which was last raised more than 20 years ago. PFCs are local user fees that must be approved locally, imposed locally, and used locally for specific projects approved by the FAA in consultation with the airlines. With the dramatic decline in passengers and PFC revenue during the pandemic, many airports have been forced to extend their collection periods for current PFC-funded projects decades into the future in some cases, crowding out funding for other critical projects. Adjusting the federal cap on local PFCs would help reduce that financial pressure and give airports the option of using more local funds for their infrastructure needs.

“ The SRAA is committed to enhancing our travelers' experience the moment they arrive on our airport property. This project will increase parking capacity, vastly improve the landside experience in all weather conditions, and increase the efficiency travelers experience when arriving to and departing from our airport via ground transportation.”

Syracuse Hancock International Airport



Photo Courtesy of SimonKR

With more than \$151 billion in infrastructure needs over the next five years, airports need a long-term funding solution that will allow them to invest more local dollars in their capital projects alongside the additional federal funding provided by AIP and BIL. Adjusting the outdated and arbitrary PFC cap would create a sustainable, long-term funding source to help airports pay for critical capital projects now and after the infrastructure funding in the BIL has been exhausted.

In addition to a long overdue adjustment to the federal PFC cap, Congress should undertake reforms to the PFC program, such as eliminating the loophole that prevents airports from collecting user fees from non-revenue passengers; directing the FAA to fully implement a streamlined implementation process for airports of all sizes, as called for in Section 121 of the last FAA bill; and expanding project eligibility to include any lawful capital cost at an airport.

4.4 IT'S TIME FOR CONGRESS TO ACT

Airports are critical economic drivers, supporting jobs and providing both direct and indirect economic benefits to the communities they serve. Investment in U.S. airport infrastructure continues to lag behind the industry's needs, and that gap continues to grow. Two years ago, airports collectively needed at least \$115 billion to fund planned and necessary projects. Those infrastructure needs have since jumped by more than 30 percent. Airports now face infrastructure funding needs of \$151 billion over the next five years. As we continue to navigate the aftereffects of the COVID-19 pandemic that cost U.S. airports more than \$40 billion and presented long-term operational challenges, Congress must enact immediate reforms to the process of funding airport infrastructure.

Congress has the opportunity this year to pass legislation that would help America's airports take off. Emergency relief funds provided by Congress and the administration in response to the pandemic were a necessary lifeline that allowed airports to continue operating during the greatest crisis in the history of global aviation. However, the costs of airports' critical infrastructure projects far exceed what was made available through the Bipartisan Infrastructure Law. And airports' traditional funding mechanisms – the Airport Improvement Program (AIP)

and Passenger Facility Charge (PFC) – have remained stagnant for decades. Additionally, airports face regulatory hurdles that prevent the industry from sufficiently investing in infrastructure.

Airports need help reducing regulatory burdens that are delaying critical infrastructure projects and increasing costs. Increasing AIP funding, expanding AIP eligibility, and modernizing the outdated PFC would allow airports to spend money as efficiently as possible, direct funds to the most pressing projects, and ultimately improve the passenger experience. By empowering airports to expand terminals, Congress would also be supporting heightened airline competition and lower fares for travelers.

Investing in airport infrastructure is an investment in the American economy. Congress can support good-paying jobs, stimulate the economy, advance important environmental goals, and improve the passenger experience for millions of travelers by reforming airport infrastructure funding systems. U.S. airports are lagging the rest of the world, but this doesn't have to be the case.

It's time for Congress to make meaningful reforms in how we fund America's critical airport infrastructure.



Project Spotlight

Los Angeles International Airport
Terminal 9 and Concourse 0 Project

Los Angeles International Airport

LAX, the fifth-busiest airport in the world, is in the midst of a multi-billion capital improvement program that includes the Airfield and Terminal Modernization Project (ATMP), a group of projects that features airfield, terminal and landside improvements, with a targeted completion date prior to the 2028 Olympic and Paralympic Games.

As an important part of this initiative, the additions of Terminal 9 and Concourse 0 – both currently in the conceptual design phase – will enhance the airport's ability to host international and domestic guests by increasing the number of gates for a diverse range of aircraft. Each of these ground-up projects will have a direct connection to LAX's People Mover train, a new 2.25-mile system presently being constructed to shuttle people between the airport's terminals, long-term parking, a rental car facility and a Metro Line stop.

Terminal 9 will add a 1.4-million-square-foot building and roughly 12 gates to the southeast corner of LAX's campus. Concourse 0 will be an easterly extension of Terminal 1, delivering approximately 9 new gates as a 665,000-square-foot, three-level addition. Together, the projects will yield elevated passenger experiences through their full-service international processing capabilities, hospitality-inspired amenities, restaurants, shops, and seating areas that accommodate a diverse range of travelers' needs.



Image Courtesy of Los Angeles International Airport



Rendering Courtesy of San Antonio International Airport



Project Spotlight

San Antonio International Airport
Terminal Development Program

San Antonio International Airport

This is the most important capital project in San Antonio's history. A modern, vibrant airport makes travel easier for everyone, while also streamlining business travel and attracting more tourism to San Antonio. This modernization of the airport is essential as it expands and adds new air service options.



Photo Courtesy of Jason O'Rear



Project Spotlight

Louis Armstrong New Orleans International Airport
InterCity Rail Connector Project

Louis Armstrong New Orleans International Airport

A passenger rail line connecting the cities of New Orleans and Baton Rouge is currently under development, and a key component of this new service will be a stop at the Louis Armstrong New Orleans International Airport (MSY). The InterCity Rail Connector Project will provide the last mile connection from the new rail stop on the south side of Airport property to the existing passenger terminal on the north. The project includes the development of an intermodal station and an automated people mover (APM) to transport rail users back and forth. The APM will also connect to the south Airport campus where economy parking, employee parking, and rental car facilities are located. Additionally, the intermodal station will serve as a transit bus hub that will facilitate affordable mobility for the region, especially for disadvantaged communities near the airport and along the rail corridor. This project will provide improved connectivity for passengers, employees, and residents among other economic and environmental benefits, and is a critical element to the next phase of MSY expansion.

APPENDICES



5.1 SCOPE, METHODOLOGY AND BACKGROUND

The Airports Council International – North America (ACI-NA) 2023 U.S. Airport Infrastructure Needs Survey was based on the same survey instrument used when ACI-NA last conducted the survey in 2020.

The national airport system is composed of 3,287 airports, ranging from the largest commercial service airports to small general aviation airports. ACI-NA surveyed all of its airport members in the United States. Ninety (90) airports responded. ACI-NA staff followed up with respondents as necessary to answer questions about the survey and ensure the accuracy of answers.

“Resiliency and adaptability are essential for our employees, partners, and community. At DFW, we have a comprehensive strategy that is complementary to who we are as an operation, a business, and a good steward of our resources. With an ambitious goal to achieve net zero carbon emissions by 2030, we have focused key initiatives and investments to remain a leader in sustainability. We prioritize working with our partners and other airports to not only achieve our sustainability goals, but also help our partners achieve theirs.”

Dallas Fort Worth International Airport

“When people step off a plane at San Antonio International Airport (SAT), there will be no question where they’ve arrived. The thoughtful way nature is being incorporated into the design will make them feel welcomed. And their experience getting through the airport will be even easier than it is now. We are elated to be at this milestone as we make critical decisions regarding the design, the layout and the ease of access that will impact millions of travelers as San Antonio continues to grow.”

San Antonio International Airport

Respondents were asked to identify all infrastructure development projects and associated costs for calendar years 2023 through 2027, and to report these costs in 2022 constant year dollars. Costs included interest, construction and management costs, architectural and engineering costs, and contingency costs. Costs for multi-year projects were listed in the year when the money was expected to be spent. Airports were requested to list the 20 largest projects in terms of costs and list the rest of the project costs as “all other projects.”

ACI-NA regularly updates its estimate of infrastructure development needs for the airports that comprise the national airport system of the United States, as defined by the FAA. Definitions of the FAA’s airport classifications used in this report are included in Appendix 5.4.

5.2 ACI-NA SAMPLE VS. INDUSTRY TOTAL

Table 3
ACI-NA Sample vs. Industry Total

Airport Category	ACI-NA Sample	Industry Total	% of Airports by Hub Size	% of 2021 Enplanements by Hub Size	% of Total 2021 Enplanements
Large	30	30	100%	100%	69.4%
Medium	33	35	94%	94%	16.9%
Small	27	80	34%	42%	4.0%
Non-Hub	-	238	-	-	-
Other	-	2,904	-	-	-
Total	90	3,287	-	-	90.3%

5.3 HOW ACI-NA ESTIMATES AIRPORT INFRASTRUCTURE NEEDS

ACI-NA calculated airports' infrastructure development needs using the ACI-NA survey and the FAA NPIAS. Specifically, ACI-NA used its survey data to calculate costs for large, medium, and small hub airports and used the FAA NPIAS data to calculate costs for non-hub, commercial service, reliever, and general aviation airports. ACI-NA also used FAA calendar year 2021 enplanement data, which is the latest available information, to make calculations.

The total infrastructure development costs for large, medium, and small hub airports were based on responses from 30 large hub, 33 medium hub, and 27 small hub airports. As shown in Table 4, this represents 100 percent of all passengers enplaned at large hubs, 94 percent of all passengers enplaned at medium hubs, and 42 percent of all passengers enplaned at small hubs in 2021.

Table 4
Responding Airports Breakdown

Airport Category	# of Respondents	Total # of airports in the category	Respondents % of all the airports in the category	Respondents % of total 2021 enplanements in the category	% of Total 2021 Enplanements
Large Hub	30	30	100%	100%	69.4%
Medium Hub	33	35	94.3%	94.1%	16.9%
Small Hub	27	80	33.8%	42%	4%
Non-Hub	-	238	-	-	-
Other	-	2,904	-	-	-
Total	90	3,287*	-	-	90.3%

*Note: From FAA NPIAS 2023 - 2027 Report

5.3 HOW ACI-NA ESTIMATES AIRPORT INFRASTRUCTURE NEEDS

As shown in Table 5, ACI-NA then calculated the total infrastructure development costs per 2021 enplanement for the responding large, medium, and small hub airports.

Table 5
Infrastructure Needs per Enplanement for Responding Airports

Airport Category	Total Costs in Millions of 2022 Constant Dollars	Total 2021 enplanements by category	Infrastructure needs per enplanements in 2022 constant dollars
Large Hub	76,024	455,166,343	167.03
Medium Hub	25,163	110,880,072	226.94
Small Hub	6,236	26,054,130	239.35

Source: ACI-NA Survey

Table 6
All Airport Infrastructure Needs Per Enplanements

Airport Category	Total 2021 Enplanements	Infrastructure needs per enplanements in 2022 constant dollars	Total 2023 - 2027 infrastructure development costs in millions of 2022 constant dollars
Large Hub	455,166,343	167.03	76,024
Medium Hub	117,849,807	226.94	26,745
Small Hub	62,106,868	239.35	14,865

Source: ACI-NA Survey

5.3 HOW ACI-NA ESTIMATES AIRPORT INFRASTRUCTURE NEEDS

Table 6 shows the total infrastructure development costs for large, medium and small hub airports. ACI-NA used the NPIAS data due to the small number of non-hub, commercial service, reliever, and general aviation airports in the ACI-NA survey sample.

Table 7

Total inflation adjusted ACI-NA 2023 - 2027 infrastructure need estimate

Airport Category	Total # of airports in the category in the national airport system	Total 2023 - 2027 infrastructure development costs in millions of 2022 current year dollars	% of Total 2021 Enplanements
Large Hub	30	79,269	52.5%
Medium Hub	35	27,980	18.5%
Small Hub	80	15,429	10.3%
Non-Hub	238	8,061	5.3%
Other	2,904	20,296	13.4%
Total	3,287	151,036	100%

Taking the escalation of construction costs into consideration, ACI-NA made a 1.5 percent inflation adjustment to the total estimate in 2022 constant dollars to reflect total infrastructure needs in current year dollars. As shown in Table 7, total industry infrastructure needs are estimated to be \$151 billion in current year dollars.

Besides calculating the total developments costs, ACI-NA also calculated development costs by project type. To do this ACI-NA first determined the percentage distribution by project type using ACI-NA survey results for large, medium, and small hub airports and using the NPIAS data for non-hub and all other airports. As shown in Table 8, the project type percentage distribution was then multiplied by the total industry estimate for each category of airport to determine the total costs by project type.

5.3 HOW ACI-NA ESTIMATES AIRPORT INFRASTRUCTURE NEEDS

Table 8

Total inflation adjusted ACI-NA 2023 - 2027 infrastructure need estimate

Millions of Current Year Dollars

Airport Category	Safety	Security	Reconstruction	Standards	Environment	Capacity	Terminal	Access	New Airports	Others	Total	Percent
Large Hub	2,547	897	4,291	1,973	1,740	6,322	43,268	11,360	2,335	4,536	79,269	52.48%
Medium Hub	726	438	2,572	949	278	1,781	12,727	3,327	1,884	3,299	27,980	18.53%
Small Hub	705	306	1,597	868	83	2,834	5,123	1,344	6	2,564	15,429	10.22%
Non-Hub	364	62	3,372	2,248	141	369	1,260	145	-	100	8,061	5.34%
Other	959	27	8,961	6,763	56	914	822	424	357	1,014	20,296	13.44%
Total	5,301	1,730	20,792	12,800	2,298	12,220	63,200	16,601	4,581	11,512	151,036	100.00%
Percent	3.51%	1.15%	13.77%	8.48%	1.52%	8.09%	41.84%	10.99%	3.03%	7.62%	100.00%	

Source: ACI-NA Survey and FAA 2023 - 2027 NPIAS Report

5.4 FAA DEFINITIONS OF AIRPORT CATEGORIES

Table 9
FAA defines airports by categories of airport activities, including commercial service, primary, reliever, and general aviation airports, as shown below:

Airport Classification		Hub Type: Percentage of Annual Passenger Boarding	Common Name
Commercial Service: Publicly owned airports with at least 2,500 annual enplanements and scheduled air carrier service (§47102(7)).	Primary: Have more than 10,000 annual enplanements (§47102(16)).	Large: 1% or more	Large Hub
		Medium: At least 0.25% but less than 1%	Medium Hub
		Small: At least 0.05% but less than 0.25%	Small Hub
	Non-Primary	Non-Hub: More than 10,000, but less than 0.05%	Non-Hub Primary
		Non-Hub: At least 2,500 and no more than 10,000	Non-Hub Commercial Service
Non-Primary (Except Commercial Service)		Not Applicable	Reliever
			General Aviation

See definitions of airport categories below for more information.

Definition of Airport Categories

- Commercial Services Airports** are publicly owned airports that have at least 2,500 passenger boardings each calendar year and receive scheduled passenger service. Passenger boardings refer to revenue passenger boardings on an aircraft in service in air commerce whether or not in scheduled service. The definition also includes passengers who continue on an aircraft in international flight that stops at an airport in any of the 50 States for a non-traffic purpose, such as refueling or aircraft maintenance rather than passenger activity. Passenger boardings at airports that receive scheduled passenger service are also referred to as Enplanements.
 - Non-Primary Commercial Service Airports** are Commercial Service Airports that have at least 2,500 and no more than 10,000 passenger boardings each year.
 - Primary Airports** are Commercial Service Airports that have more than 10,000 passenger boardings each year. Hub categories for Primary Airports are defined as a percentage of total passenger boardings within the United States in the most current calendar year ending before the start of the current fiscal year. For example, calendar year 2014 data are used for fiscal year 2016 since the fiscal year began 9 months after the end of that calendar year. The table above depicts the formulae used for the definition of airport categories based on statutory provisions cited within the table, including Hub Type described in 49 USC 47102.
- Reliever Airports** are airports designated by the FAA to relieve congestion at Commercial Service Airports and to provide improved general aviation access to the overall community. These may be publicly or privately-owned.
- General Aviation Airports** are public-use airports that do not have scheduled service or have less than 2,500 annual passenger boardings (49 USC 47102(8)). Approximately 88 percent of airports included in the NPIAS are general aviation.