ACI NORTH AMERICA

AIRPORTS COUNCIL INTERNATIONAL

MODERN AIRPORTS FOR A STRONGER AMERICA

UNLOCKING OPPORTUNITIES TO MEET SOARING DEMAND

U.S. AIRPORT INFRASTRUCTURE NEEDS 2025 - 2029

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A NOTE FROM ACI-NA PRESIDENT AND CEO KEVIN M. BURKE

Dear Readers,

I am pleased to deliver "*Modern Airports for a Stronger America: Unlocking Opportunities to Meet Soaring Demand*," ACI-NA's 2025-2029 airport infrastructure needs report. This report underscores the critical role that U.S. airports play—not only as transportation gateways but also as indispensable engines of economic growth, community connectivity, and job creation nationwide.

Our analysis reaffirms that airports are at the very heart of our nation's economic success, supporting 12.8 million jobs, generating $619 billion in annual payroll, and producing an annual economic output of $1.8 trillion. With nearly one billion enplanements expected in 2025 and forecasts rising to 1.4 billion by 2040 and 1.7 billion by 2050, the demand for modern, resilient airport facilities has never been more pressing.

To meet these growing demands, our report estimates that U.S. airports will require $173.9 billion in infrastructure investments over the next five years. This marks a significant increase from previous projections and reflects rising construction costs, emerging facility requirements, and the complexity of projects, particularly in our major metropolitan areas.

These investments are crucial not only for modernizing terminals and airfields but also for implementing vital improvements across landside facilities, utility systems, and technological platforms, all of which enhance the traveler experience and drive down airfares.

Federal grant initiatives have been invaluable in helping America's airports construct and maintain essential safety and capacity projects. But federal funding alone cannot address all the many airport needs across the country. Instead, we need to allow airports more flexibility to self-fund their projects. As this report details, the Passenger Facility Charge (PFC) user fee has lost much of its purchasing power over the past two decades. Modernizing the PFC cap – and indexing it for inflation – is the best way to align user-fee revenue with the true cost of delivering the state-of-the-art airports our passengers need and deserve.

It is imperative that we pursue these policy reforms and expand funding flexibility to empower local airports. By doing so, we ensure that our airports can continue to serve as reliable hubs for travel and commerce, support job creation, and help achieve our broader environmental and economic objectives.

I extend my sincere gratitude to all ACI-NA's member airports for their contributions to this report. Our team at ACI-NA will continue engaging with the White House, Congress, federal agencies, and industry stakeholders to encourage the implementation of these necessary reforms, ensuring that we meet the airport industry's infrastructure needs and secure a resilient future for American aviation.

Kevin M. Burke
President and CEO
Airports Council International – North America

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1. INTRODUCTION >>

1.1 AIRPORTS AS ECONOMIC ENGINES: *JOBS, GROWTH, AND INVESTMENT*

U.S. airports are more than just transportation hubs—they are vital economic drivers that support millions of jobs and generate significant economic activity at the local, regional, and national levels.

ACI-NA's latest economic report, *Economic Impact of U.S. Commercial Service Airports in 2024*[1], shows that the 487 commercial airports in the United States drive significant benefit for local communities.

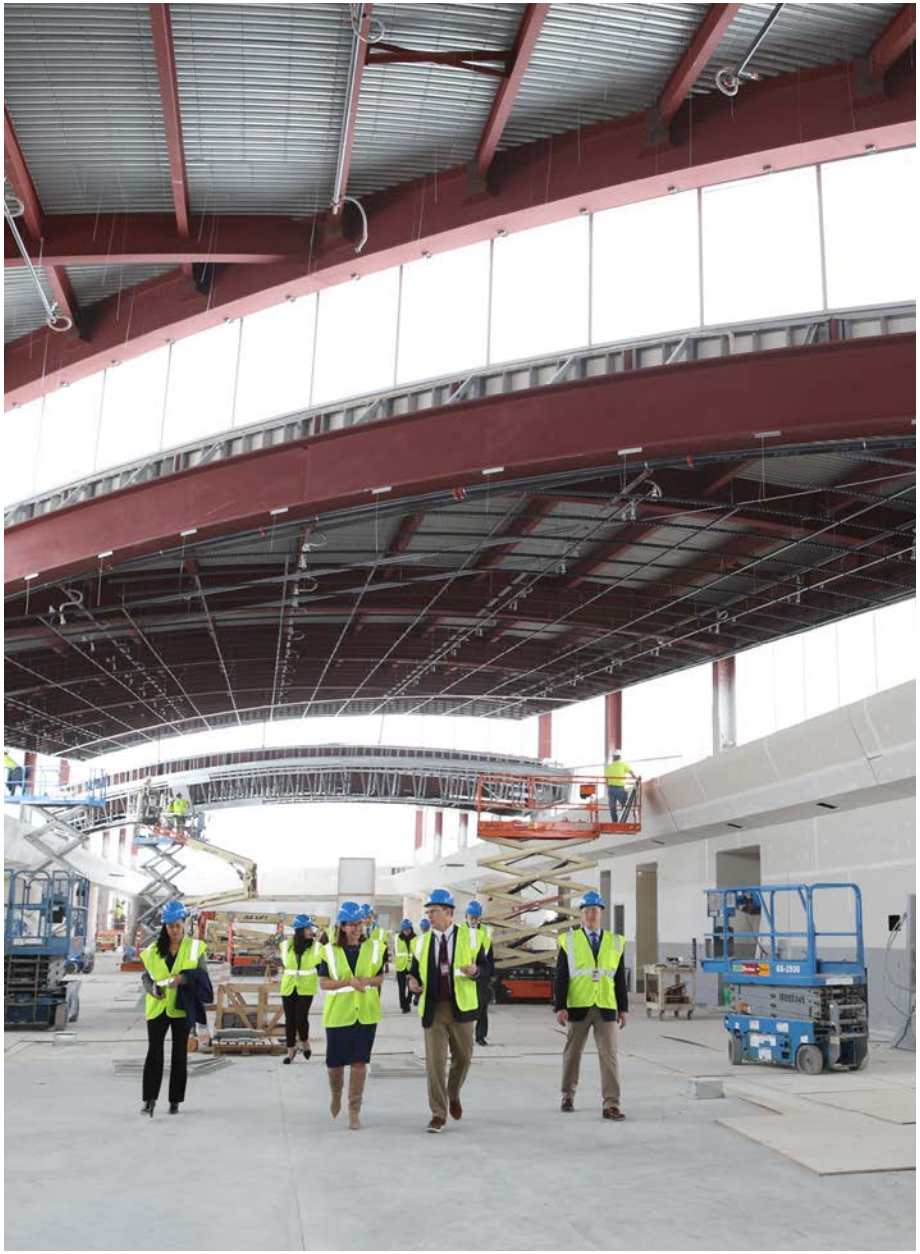
SUPPORT
12.8 MILLION
JOBS

PROVIDE
$619 BILLION
IN ANNUAL PAYROLL

PRODUCE
$1.8 TRILLION
IN ANNUAL OUTPUT

These jobs are tied to on-airport activities such as ground handling operations, ticket agents, security screening, terminal concessionaire services, and rental car operations. Jobs related to visitor spending benefit the hospitality industry, while capital improvement projects (CIP) create opportunities for engineers, architects, consultants, and construction workers. More broadly, airports serve as critical hubs for commerce, enabling the movement of people and goods that drive economic activity. This essential role is the foundation of their existence—airports are not just transportation hubs but vital enablers of trade and business.

This strong evidence underscores the essential role of airports in driving economic growth. Ensuring continued investment in airport infrastructure is critical to maintaining this economic impact and meeting the evolving needs of travelers and businesses.



[1]*Source: ACI-NA, 2024, Economic Impact of U.S. Commercial Service Airports in 2024.*

PROJECT SPOTLIGHT

SAN ANTONIO INTERNATIONAL AIRPORT

San Antonio International Airport (SAT) has embarked on a transformative expansion project to accommodate increasing passenger traffic and enhance overall airport functionality. This initiative, known as the Terminal Development Program (TDP), is a cornerstone of the broader ELEVATE SAT expansion plan, representing the largest capital improvement endeavor in the city's history.

The centerpiece of the TDP is the construction of a new terminal, designed to modernize and expand SAT's facilities:

- **Terminal Specifications:** The new terminal will encompass over 850,000 square feet, featuring up to 17 domestic and international gates to accommodate projected growth through 2040.
- **Passenger Amenities:** Plans include 41,000 square feet of concession space, offering a variety of dining and retail options, and 29,000 square feet dedicated to club lounge areas. Additionally, larger gate hold rooms are designed to enhance passenger comfort.
- **Design and Construction:** The architectural firms Corgan and Lake|Flato have been commissioned to design the terminal, aiming to reflect San Antonio's unique character. Construction is managed by Hensel Phelps, with groundbreaking having occurred in December 2024.

Several factors underscore the necessity of this expansion:

- **Passenger Growth:** In 2024, SAT surpassed 11 million passengers, marking a significant increase and highlighting the need for expanded facilities.
- **Customer Experience:** The goal is to design a barrier free experience.
- **Economic Development:** Enhancing airport infrastructure is expected to stimulate business expansion and tourism, bolstering the local economy.

1.2 TRAFFIC FORECASTS: *GROWTH AND CHALLENGES FOR U.S. AIRPORTS*

U.S. passenger traffic has successfully recovered from the impacts of the COVID-19 pandemic, now exceeding pre-pandemic levels. In 2025, U.S. airports are expected to accommodate close to one billion enplanements, marking a significant milestone in the sector's recovery.

Looking ahead, passenger traffic is projected to continue rising, with the FAA forecasting approximately 1.4 billion enplaned passengers by 2040 and 1.7 billion enplaned passengers by 2050.

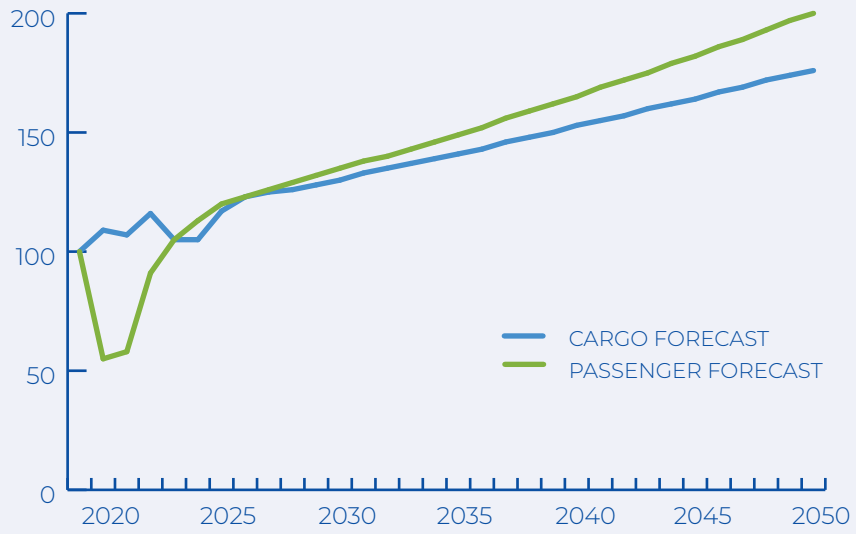
U.S. commercial airports of all sizes are poised to benefit from this growth. Large hubs are expected to see an annual growth rate of 2.3% through 2050, medium hubs at 2.1%, and small/non-hub airports at 1.7%.[2] This continued growth reflects the vitality of U.S. airports and their important role in the nation's economy.

However, this growth presents challenges, particularly in terms of airport capacity. The FAA has identified 27 airports that are currently constrained in runway capacity or are at risk of becoming constrained by 2033. Even airports that are not currently facing capacity issues will need to invest in maintaining and replacing aging facilities to accommodate rising passenger numbers.

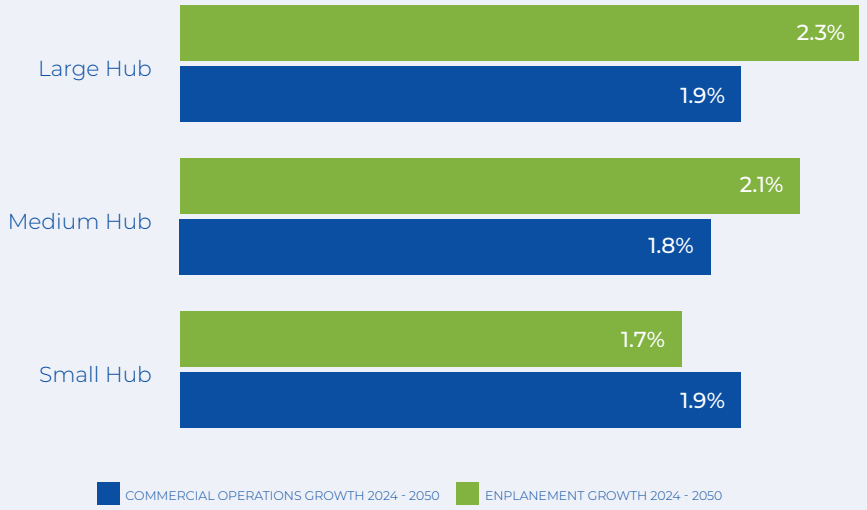
Addressing these challenges will be critical to ensuring that airports continue to support economic growth and meet the demands of an expanding aviation industry.

Passenger and Cargo Traffic Forecast 2019 – 2050

2019 = 100



FAA 2024 Terminal Area Forecast by Hub Size



[2]Source: FAA 2024 Terminal Area Forecast (FY 2024-2050)

2. AIRPORT INFRASTRUCTURE NEEDS >>

2.1 PROJECTED AIRPORT INFRASTRUCTURE NEEDS: *$173.9 BILLION FOR 2025-2029 PERIOD*

ACI-NA projects that airport infrastructure requirements for the 2025-2029 period will total at least $173.9 billion.

Airports of all sizes and locations face an urgent need for capital investment to maintain or expand their facilities. These investments – averaging nearly $35 billion annually – are essential to accommodate airlines and passengers, improve operational efficiency, elevate service quality and customer experience, and fulfill airport resiliency needs.

- Large hub airports, with 73.5 percent of all enplanements, account for $20.6 billion in capital needs per annum (59 percent);
- Medium hub airports, with 16.7 percent of all enplanements, account for $6 billion in capital needs per annum (17 percent);
- Small hub airports, with 9.1 percent of all enplanements, account for $2.7 billion per annum (8 percent), and;
- Non-hub airports, with 3 percent of all enplanements, account for $1.6 billion per annum (5 percent).

This conservative estimate of $173.9 billion for the 2025-2029 period represents a 15.1% increase compared to ACI-NA's 2023-2027 projection.

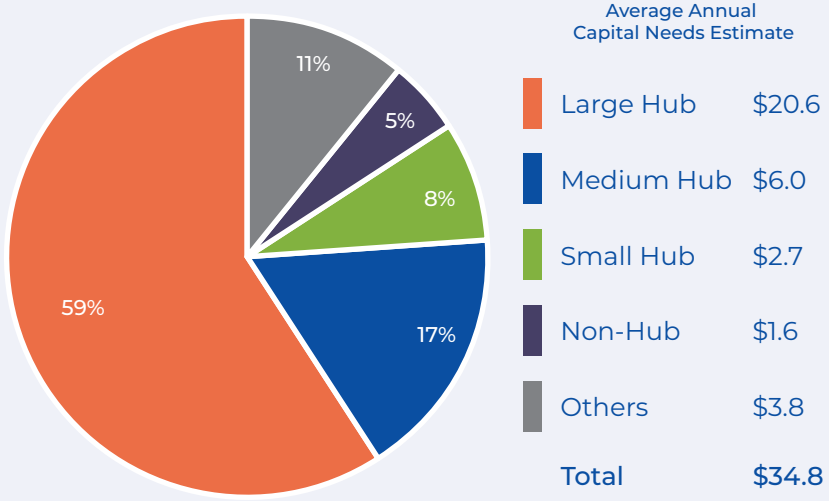
This increase is due to several factors, including:

- post-pandemic construction cost inflation;
- emerging airport facility and infrastructure needs;
- increasing complexity of airport infrastructure projects, especially at many site-constrained airports in major metropolitan areas,
- persistent backlog of infrastructure projects that airport operators have deferred due to funding constraints.

Delaying such projects further compounds costs due to inflationary pressures affecting both material and labor expenses.

ACI-NA Estimates $173.9 Billion in Airport Infrastructure Needs for 2025 – 2029

Billions of Current Year Dollars



Large Hubs Anticipate Fastest Growth in Infrastructure Needs

Billions of Current Year Dollars

Airport Category	2023 - 2027	CY2021 Hubs	2025 - 2029	CY2023 Hubs	Percent Growth
Large	$79.3	30	$103.2	31	30.2%
Medium	$28.0	35	$29.8	33	6.6%
Small	$15.4	80	$13.6	74	-11.8%
Non-Hub*	$8.1	238	$8.0	252	-0.2%
Other*	$20.3	-	$19.2	-	-5.4%
Total	**$151.1**	**383**	**$173.9**	**390**	**15.1%**

**Note: From FAA NPIAS 2025 – 2029 Report*

PROJECT SPOTLIGHT

SYRACUSE HANCOCK INTERNATIONAL AIRPORT

Syracuse Hancock International Airport (SYR) has embarked on a significant terminal expansion project aimed at enhancing passenger experience and accommodating future growth. This initiative focuses on two primary components: expanding the North Concourse and upgrading the Federal Inspection Station (FIS).

The North Concourse expansion will provide additional seating and concession areas, improving passenger flow and comfort. Simultaneously, the FIS, located near Gate 15, will be renovated to ensure the airport retains its international designation by meeting current customs and border protection standards.

The expansion addresses several critical needs:

- **Passenger Growth:** As air travel demand increases, the existing facilities require enhancements to maintain service quality and efficiency.
- **International Operations:** Upgrading the FIS is essential for accommodating international flights and ensuring compliance with federal regulations, thereby preserving SYR's status as an international airport.
- **Economic Development:** Improved airport infrastructure is anticipated to attract more airlines and routes, fostering economic growth in Central New York by boosting tourism and business travel.

2.2 AIRPORT TERMINAL PROJECTS: *A MAJOR DRIVER OF INFRASTRUCTURE FUNDING NEEDS*

This report looks at the entire airport infrastructure system from roadways to runways. As was the case in the last report, the largest share of the need continues to be for terminal projects.

From 2025 to 2029, much-needed terminal building projects account for nearly 42% of total infrastructure development costs. Airfield projects, including reconstruction, standards, and safety improvements, represent 23%, followed by other types of projects at 12%. Terminal needs are driven by the urgent need to modernize and expand gate capacity as a result of increasing passenger demand and aging facilities.

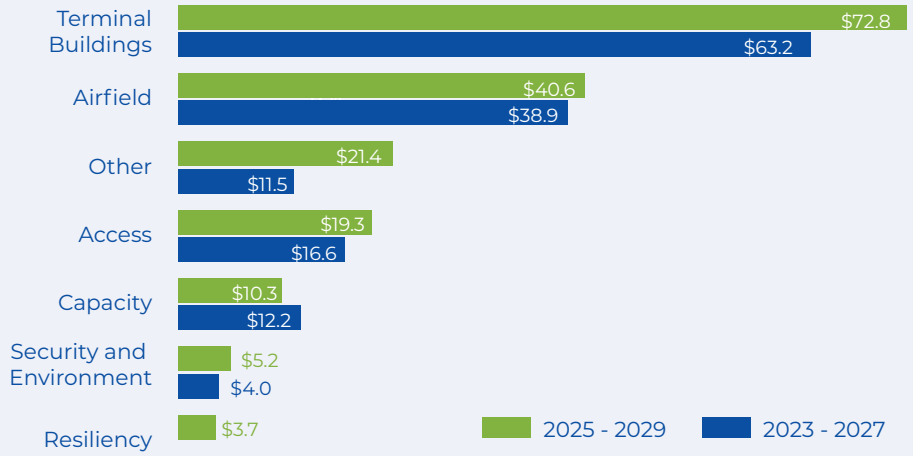
Terminal building projects are essential to support growing airline and passenger demand, enhance service levels, and enhance capacity. These projects play a critical role in fostering competition, reducing airfares, and improving connectivity—directly benefiting the local communities that airports serve.

Funding for these projects is vital. Without it, airports risk losing opportunities to:

- Attract new entrants that stimulate competition and lower airfares.
- Add new routes and frequencies that enhance regional connectivity.
- Expand capacity to meet rising passenger demand in modern, high-quality facilities.
- Fulfill commitments to the durability of airport infrastructure.

Equally important, other infrastructure projects are critical to maintaining the safety, security, and quality of airport operations.

U.S. Airport Infrastructure Needs by Project Type
In Billions



Projects included in the "other" category include:

- **Support Facilities and Infrastructure:** Includes improvements to cargo buildings, hangars, and parking garages, as well as projects like centralized receiving facilities, consolidated administration campuses, and rental car center upgrades.
- **Transportation and Landside Enhancements:** Covers large-scale parking deck reconstruction and expansion, rental car center electrification and refurbishments, shuttle bus maintenance facilities, roadway improvements, and supplemental curb additions.
- **Building Systems and Utilities:** Encompasses electrical power and lighting upgrades, fire alarm systems, utility improvements, stormwater upgrades, and centralized utility plants.
- **Technology and Equipment:** Includes IT cabling infrastructure, information systems hardware renewal, mobile app development, and vehicle replacements.
- **Miscellaneous and Reserved Projects:** Captures budgets for market condition reserves, professional services for master planning, land acquisition, and recurring consultant fees or staff support.

3. AIRPORT FUNDING CRISIS: UNABLE TO MEET INFRASTRUCTURE DEMANDS >>

3.1 IIJA AND AIP AUTHORIZATION INCREASES ARE MUCH WELCOMED

Airports across the country are deeply appreciative of Congress for recognizing the critical need to address the airport infrastructure funding gap and supporting efforts to modernize and enhance these vital facilities. Investments in airport infrastructure not only improve operational efficiency but also bolster connectivity, economic growth, and the overall travel experience.

The Infrastructure Investment and Jobs Act (IIJA) has been instrumental in this regard, providing significant support through the Airport Infrastructure Grants (AIG) and the Airport Terminal Program (ATP). Together, these programs inject approximately $3.4 billion annually into the airport system, allowing airports to undertake much-needed projects to improve capacity and safety .

Additionally, the FAA Authorization Act of 2024 brings much-needed stability to the nation's aviation system. The Act authorizes $4 billion annually through the Airport Improvement Program (AIP), enabling airports to pursue and complete critical infrastructure projects once fully funded by Congress.

However, challenges remain. IIJA programs have been drastically oversubscribed, with requests for ATP funding exceeding availability by 10-fold. Moreover, these grants are scheduled to end in 2026. The AIP, while valuable, comes with restrictive usage requirements and much narrower eligibility criteria compared to the IIJA and Passenger Facility Charge projects, limiting its effectiveness in addressing the full spectrum of airport needs.

Airport Terminal Program Applications, Status and Results

Year	Number of Applications Received	Number of Applications Selected for Funding	Total Funding Requested ($ Billion)
FY2022	658	91	$14.0
FY2023	658	104	$9.6
FY2024	636	118	$7.7
FY2025	577	128	$8.1

PROJECT SPOTLIGHT

GERALD R. FORD INTERNATIONAL AIRPORT

The Gerald R. Ford International Airport (GRR) in Grand Rapids, Michigan, has initiated a comprehensive capital expansion program, known as ELEVATE, to modernize its facilities and accommodate increasing passenger traffic. A key component of this initiative is the Terminal Enhancement Project (TEP), a $135 million endeavor aimed at expanding and upgrading the airport's terminal infrastructure.

Launched in April 2024, the TEP focuses on expanding the west end of the terminal by 175,000 square feet. The enhancements include:

- **Consolidated Baggage Inspection System (CBIS):** A state-of-the-art system designed to streamline the checked luggage process from airline ticketing counters through screening to aircraft loading.
- **Individual Carrier System (ICS):** GRR will become the first small-hub airport in the U.S. to implement this advanced baggage handling screening technology, enhancing efficiency and security.
- **Upgraded Ticketing and Baggage Claim Areas:** The project will introduce new ticket counter spaces, consolidate all airline ticketing to the terminal's west end, and expand the baggage claim area with larger carousels to improve the passenger experience.

Several factors underscore the necessity of the TEP:

- **Passenger Growth:** GRR experienced a record-breaking year in 2024, serving more than 4 million passengers, marking nearly a 10% increase from the previous year. To support this growth, critical infrastructure improvement projects, such as TEP, are essential for ensuring the airport can accommodate future demand and continue supporting the overall economic health of the region.
- **Operational Efficiency:** The integration of advanced baggage handling systems like CBIS and ICS is crucial for maintaining efficient and secure operations, reducing processing times, and accommodating larger passenger volumes.
- **Economic Development:** Improving airport infrastructure is anticipated to attract more airlines and routes, fostering economic growth in West Michigan by boosting tourism and business travel.

3.2 THE GROWING FINANCIAL CHALLENGES OF AIRPORT REVENUE STREAMS

Airports have long relied on a limited range of revenue streams to fund and finance their capital expenditures, but these sources are increasingly insufficient to meet growing infrastructure needs.

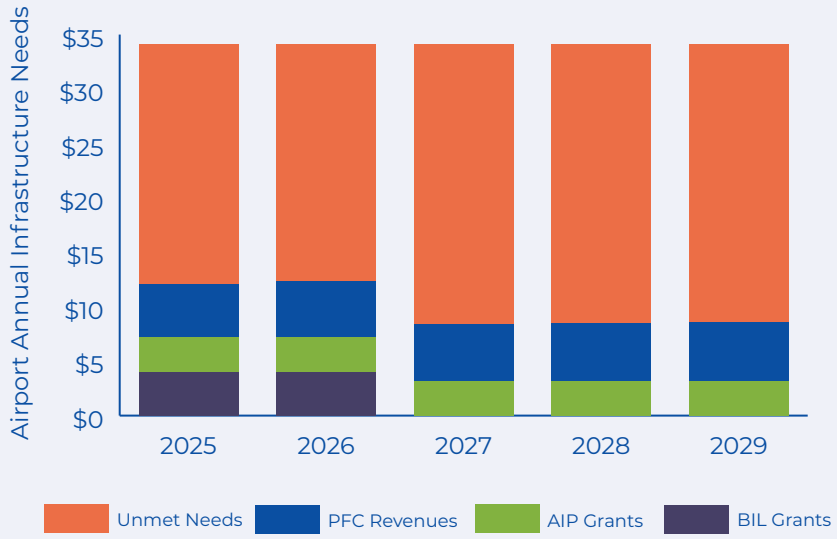
By design, federal policy restricts aeronautical revenues, generated through rates and charges, such as landing fees, aircraft parking fees, and gate rentals, to solely cover operational expenses and historical development costs. These policies, coupled with significant pressure from airlines to minimize airport charges, leave airports with revenues that are often barely enough to cover essential operational and development costs.

Non-aeronautical revenues, such as those derived from concessions and car parking, provide a crucial financial lifeline. However, these funds are frequently used to further subsidize aeronautical rates and charges, limiting their potential to directly support infrastructure projects.

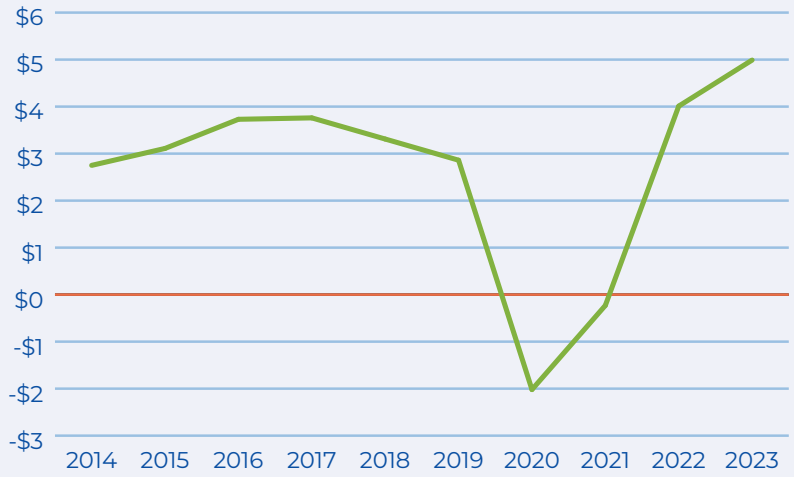
The Passenger Facility Charge (PFC), a local user fee levied on air passengers to fund airport development, is similarly restricted. With a federal cap set at just $4.50 per segment, the PFC's potential as a funding tool is severely curtailed, leaving airports unable to fully leverage this resource for necessary improvements.

Given the significant debt burden many airports already have incurred due to insufficient revenue streams, there is an urgent need for greater flexibility in funding mechanisms. Addressing these limitations is essential to ensuring the long-term viability growth of airport infrastructure.

Capital Needs and Selected Funding Sources
In Billions



Net Revenues Less Debt Service
In Billions



PROJECT SPOTLIGHT

LOS ANGELES INTERNATIONAL AIRPORT

Los Angeles International Airport (LAX) is undergoing a comprehensive modernization program aimed at enhancing passenger experience, improving operational efficiency, and preparing for future growth. This multi-billion-dollar initiative encompasses several key projects, including terminal renovations, the construction of an Automated People Mover (APM), and the development of a Consolidated Rent-A-Car (ConRAC) facility.

Terminal Renovations

LAX has embarked on extensive renovations across multiple terminals to modernize facilities and accommodate increasing passenger traffic:

- **Terminals 2 and 3 Modernization:** In partnership with Delta Air Lines, a $2.3 billion investment has been made to upgrade these terminals, enhancing passenger amenities and operational capabilities.
- **Terminal 6 Overhaul:** A $230 million project is underway to revamp gate areas, lounges, and passenger boarding bridges, aiming to significantly improve the traveler experience.
- **Terminals 4 and 5 Upgrades:** Modernization efforts are in progress to update interior public spaces, reconfigure gates, and implement additional improvements to enhance functionality.
- **Midfield Satellite Concourse (MSC) South:** An extension of the West Gates at Tom Bradley International Terminal, this project will add 150,000 square feet and eight gates for narrowbody aircraft.

Automated People Mover (APM)

A pivotal component of LAX's modernization is the construction of the Automated People Mover:

- **Project Overview:** The APM is a 2.25-mile elevated train system designed to connect passengers seamlessly between terminals, parking facilities, the ConRAC, and public transportation options.
- **Stations and Connectivity:** The system will feature six stations, including stops at the Central Terminal Area, Economy Parking, and the ConRAC facility, with trains arriving every two minutes during peak times.

Several factors drive these extensive modernization efforts:

- **Passenger Experience:** LAX is one of the world's top origin and destination airports and one of the busiest airports in the nation, necessitating infrastructure enhancements to maintain service quality and efficiency.
- **Event Preparedness:** With Los Angeles set to host the 2028 Olympic and Paralympic Games, modernizing airport facilities is crucial to accommodate the anticipated surge in visitors.

3.3 THE DEBT REALITY FOR AIRPORTS

For airports, leveraging debt has become the primary means of financing both new capital projects and repairs and upkeep of existing facilities. With limited revenue streams, debt is often the only viable option to address growing infrastructure demands.

For the past 10 years, at least 65% of all airport capital projects have been financed through bonds, underscoring the reliance on debt. Airports in the United States face significant financial obligations, with $ 9.6 billion in annual aggregate debt service payments alone. By the end of calendar year 2024, total outstanding debt par amount for U.S. airports stood at $ 151 billion, according to Bloomberg.

Since 1986, the majority of bonds issued by airports have been classified as private activity bonds (PABs). However, PABs may come with a financial disadvantage in situation which interest payments on these bonds are subject to the Alternative Minimum Tax (AMT). This tax liability compels investors to demand higher interest rates to offset the additional costs, increasing the financial burden on airports and limiting the actual infrastructure improvements they fund.

This reliance on debt financing, compounded by the challenges of PAB-related interest rate premiums, highlights the need for more efficient and flexible funding mechanisms to support the continued funding for airport infrastructure.

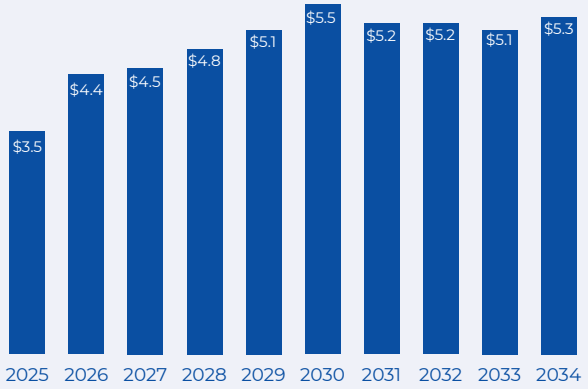
Preserving the tax-exempt status of municipal bonds and private activity bonds (PABs) is essential to mitigating the financial pressures airports face. Tax exemption significantly reduces borrowing costs, making these bonds a cost-effective tool for funding critical infrastructure projects. Removing or limiting this tax-exempt status would lead to higher interest rates, further increasing the financial burden on airports already grappling with substantial debt obligations. Given the heavy reliance on debt to fund infrastructure development and maintenance, safeguarding the tax-exempt status of these bonds is not just a fiscal necessity but a cornerstone of stable and reliable airport financing. Without it, airports risk facing insurmountable cost increases, hindering their ability to meet growing infrastructure demands and support long-term growth.

Additionally eliminating the AMT on PABs would allow airports to reduce financing costs, enabling them to allocate those savings toward additional infrastructure investments. This would result in improved airport facilities, greater capacity to meet passenger demand, and enhanced safety and security measures.

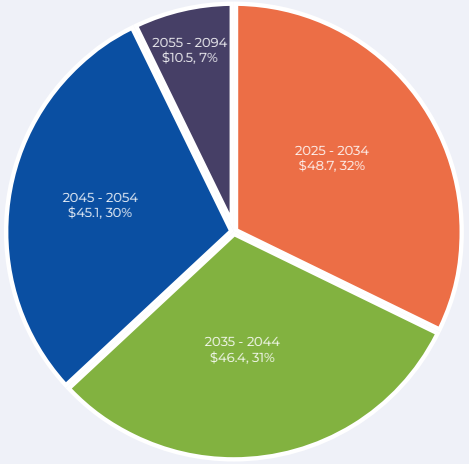
$151 Billion Debt Outstanding Related to U.S. Airports

As of January 2, 2025, municipal debt related to U.S. airports have $151 billion outstanding par amount. An average of $4.4 billion debt will need to be paid down annually in the next 30 years.

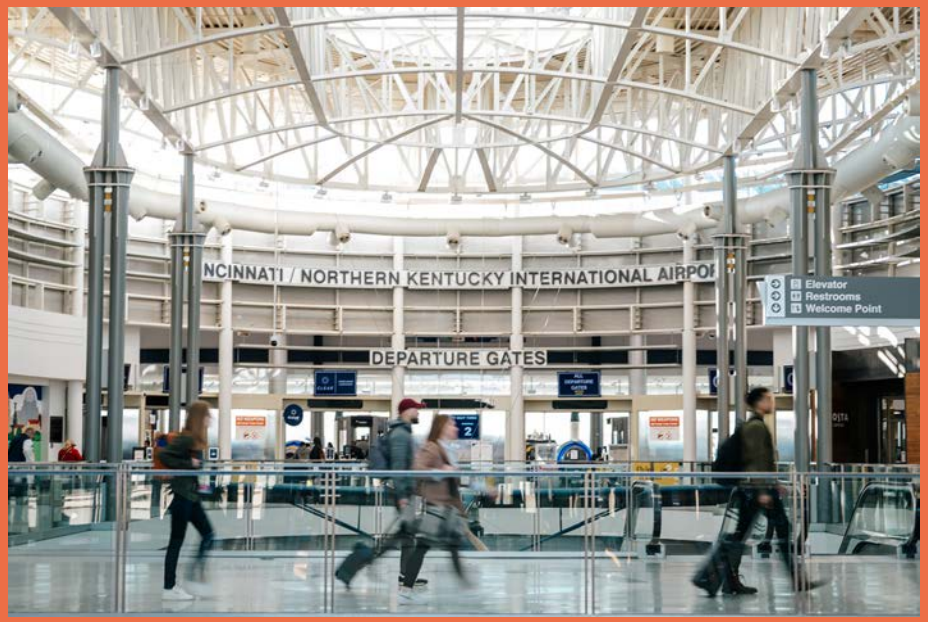
Annual Debt Maturing – Next Ten Years
In Billions

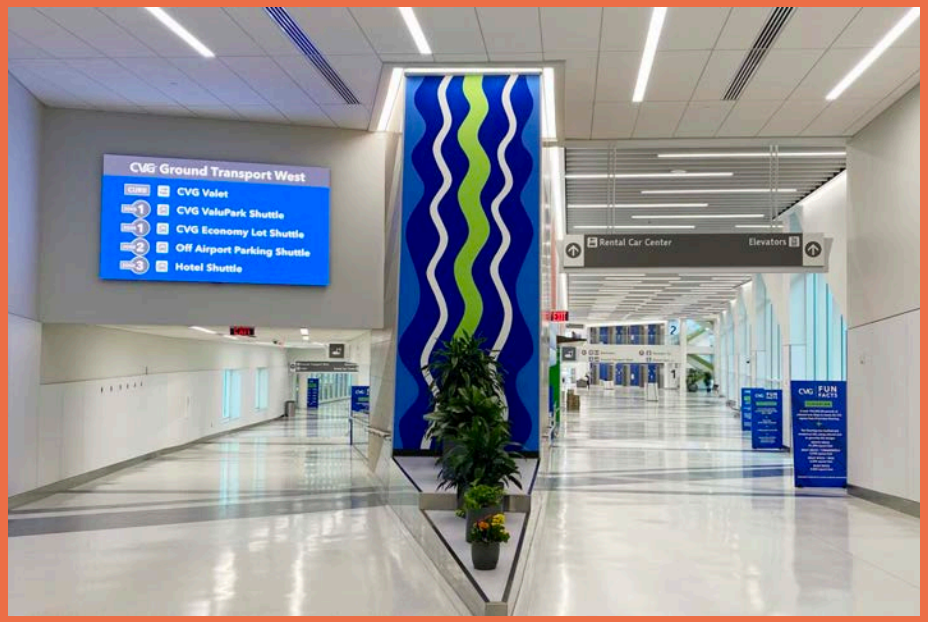


Maturing Debt
In Billions



Source: Bloomberg Muni Bond Search (MSRC), 1/2/2025, including debt issued by non-airport entities but related to airports' capital projects.





PROJECT SPOTLIGHT

CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT

The Cincinnati/Northern Kentucky International Airport (CVG) has launched “Elevate CVG,” a comprehensive, multi-year terminal modernization program designed to enhance passenger experience and operational efficiency. This initiative encompasses significant renovations and expansions across the airport’s facilities.

Elevate CVG aims to modernize and expand several key areas of the airport:

- **Terminal Expansion:** The project includes enlarging the ticketing counters, expanding the security checkpoint, and reconfiguring the baggage handling system to streamline passenger flow and reduce wait times.
- **Facility Modernization:** Comprehensive upgrades are planned for the transportation tunnel, concourses, public restrooms, and vertical circulation systems such as elevators and escalators.
- **Baggage Handling System:** A new, state-of-the-art baggage handling system will be installed to enhance operational efficiency and improve bag processing times.

Several factors underscore the necessity of this modernization program:

- **Aging Infrastructure:** Concourses A and B have not undergone major renovations since 2012, with their original construction dating back to 1993. Upgrading these facilities is essential to meet current standards and expectations.
- **Passenger Growth:** CVG has experienced significant passenger growth, necessitating infrastructure enhancements to accommodate increased demand and maintain a high level of service.
- **Operational Efficiency:** Implementing advanced systems and reconfiguring existing spaces are critical to improving efficiency, reducing processing times, and enhancing the overall passenger experience.

4. THE MOST EFFICIENT WAY FORWARD >>

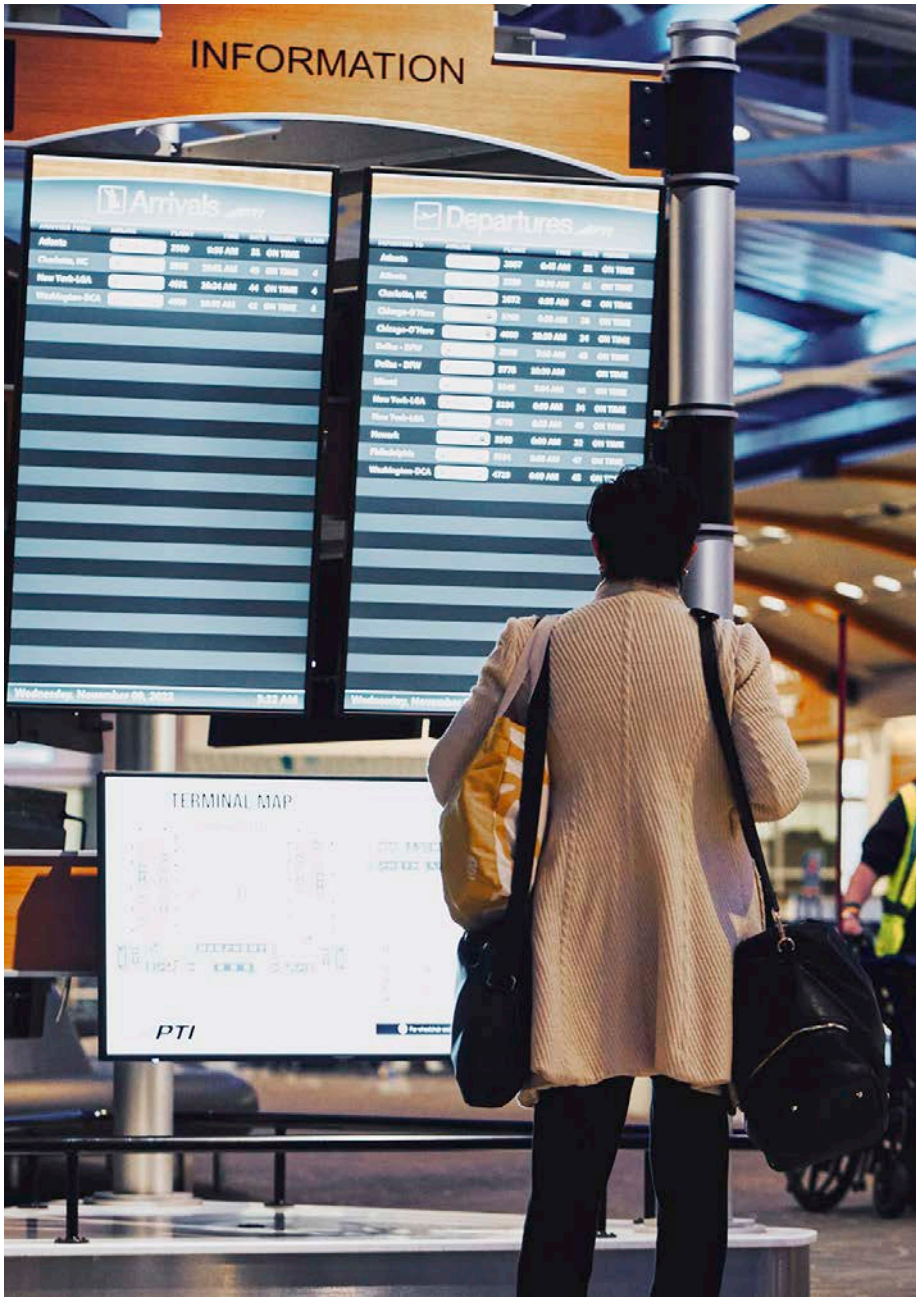
4.1 THE CASE FOR EXPANDING THE ROLE OF USER FEES

A renewed focus on user fees is essential for funding airport projects and advancing infrastructure development.

The Passenger Facility Charge (PFC) stands out as a key user fee for financing airport improvements. Paid directly by travelers utilizing airport facilities, PFC revenue is explicitly allocated to infrastructure projects, such as runway construction, terminal enhancements, and safety upgrades. This direct link between the fee and its benefits sets it apart from general taxation, ensuring that funds are invested in tangible improvements for airport users.

Expanding the use of user fees like the PFC aligns with the principle of subsidiarity, empowering local authorities to make decisions tailored to their unique needs. Airports are best positioned to identify and address specific challenges, enabling them to direct resources effectively toward critical projects. A greater reliance on user fees reduces dependence on federal grants, fostering a more balanced approach to funding that combines local initiative with national support.

Embracing an enhanced role for user fees like the PFC builds a funding framework that is both equitable and efficient, ensuring that those who benefit from airport services contribute directly to their ongoing improvement. This approach not only supports growth but also strengthens airports' ability to meet evolving passenger demands.



Credit: Gensler
Design rendering and subject to change.

PROJECT SPOTLIGHT

RENO-TAHOE INTERNATIONAL AIRPORT

Reno-Tahoe International Airport (RNO) is undergoing a comprehensive, multi-year infrastructure enhancement program known as MoreRNO, aimed at modernizing its facilities to improve passenger experience and operational efficiency.

Key components of the MoreRNO program include:

- **Ground Transportation Center (GTC):** A new four-story, 440,220-square-foot facility designed to consolidate all rental car, taxi, shuttle, and rideshare operations, streamlining ground transportation services for passengers.
- **New Concourses (New Gen A & B):** Replacement of the existing concourses with 24 modern gates, featuring expanded passenger circulation areas, larger seating zones, enhanced natural lighting, and improved amenities such as local dining and shopping options.
- **Ticketing Hall Expansion:** An expansion of the ticketing hall to provide more space for airline operations and passenger check-in, incorporating upgraded travel technology and amenities to enhance the passenger experience.
- **Loop Road Improvements:** Enhancements to the terminal loop road, including new protective barriers, elevated walkways, and shade structures, to improve safety and accessibility for passengers.
- **Police & Airport Authority Headquarters (The HQ):** A new 62,000-square-foot facility to centralize airport police operations and administrative functions, freeing up valuable space within the terminal for potential new amenities.

The MoreRNO program addresses several critical needs:

- **Aging Infrastructure:** The current concourses, built in the early 1980s, are outdated and no longer meet the demands of modern air travel.
- **Passenger Growth:** RNO has experienced increased passenger traffic, necessitating expanded and modernized facilities to maintain service quality.
- **Operational Efficiency:** Consolidating ground transportation services and upgrading terminal facilities are essential for streamlining operations and enhancing the overall passenger experience.
- **Economic Development:** Improved airport infrastructure is expected to attract more airlines and routes, fostering economic growth in the Reno-Tahoe region by boosting tourism and business travel.

4.2 CHALLENGES IN MEETING AIRPORT INFRASTRUCTURE NEEDS UNDER THE CURRENT PFC CAP

Since Congress enacted the PFC program in 1990, FAA has approved nearly 3,000 applications through the end of 2024, allowing airports to impose a total of $130.3 billion in PFCs.

So far, only $75.4 billion has actually been collected, leaving $55 billion still to be collected for projects that are already completed or in progress. For 2025, the estimated PFC collection is $3.8 billion, based on the current statutory cap of $4.50 per passenger.

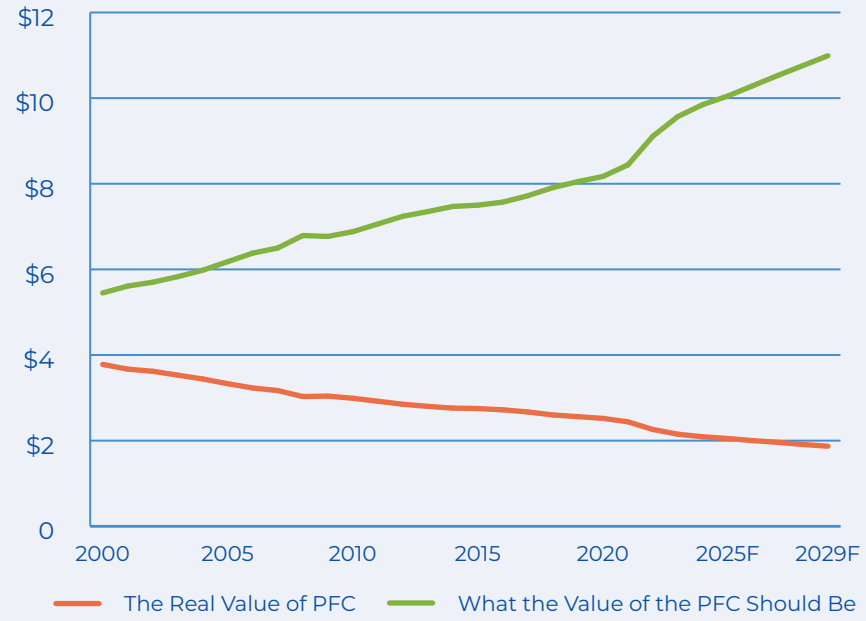
At this rate, it will take over 14 years to collect all the approved PFCs based on the current PFC cap.

Looking ahead, ACI-NA estimates that $93.3 billion in projects will be eligible for PFC funding over the next five years for large, medium and small hub airports — equivalent to another 25 years of collection at the current rate. This clearly shows that the current PFC cap does not allow PFC collections to keep up with the growing needs for PFC-eligible projects.

Moreover, the inflation-adjusted purchasing power of the PFC has drastically eroded.

- Airports construction costs have increased by 38.3% since 2014.
- Inflation rate was 31.7% over the same period.
- Because there is no inflation-adjustment nor automatic annual increase of the PFC cap, the purchasing power of the PFC is continuously decreasing and has been more than halved since the cap was last raised in 2001. The $4.50 PFC set in year 2001 should be $10.05 and is only worth $2.05 in 2025. Its value will continue to be eroded if no adjustment is made.

The Real Value of the Passenger Facility Charge



ACI-NA calculation with Consumer Price Index (CPI) adjustment.

4.3 THE PFC PROGRAM SHOULD BE MODERNIZED TO FULLY LEVERAGE USER FEES

Now is the time to consider a greater role for PFCs. It stands out as an underutilized resource with significant potential. The outdated and arbitrarily low statutory cap limits this user fee's effectiveness as a reliable long-term funding source.

Adjusting the cap would enable airports to generate the necessary revenue for critical capital projects without increasing the burden on taxpayers or air carriers.

ACI-NA estimates that the PFC statutory cap would need to be increased to $12 per enplaned passenger, and then annually indexed to inflation, in order to help airports meet their projected PFC-eligible needs.

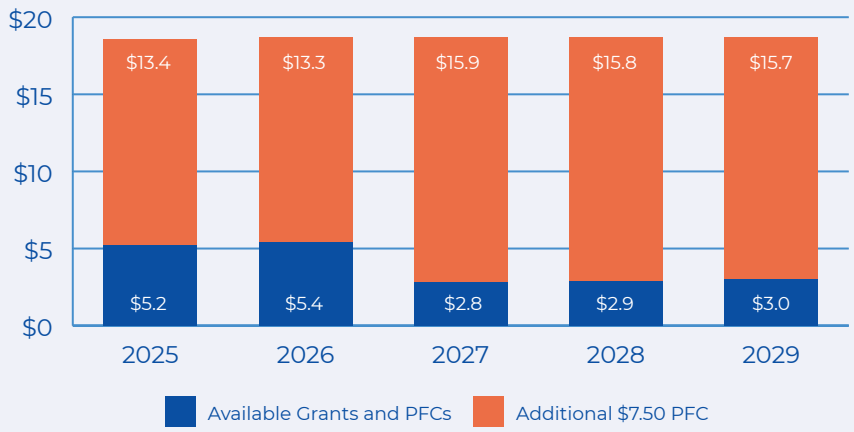
Relying solely on federal revenue sources to bridge the gap is less optimal compared to empowering airports to collect user fees like the PFC, which directly link infrastructure funding to the travelers who benefit. A modernized PFC presents the most efficient, long-term solution to meet critical airport infrastructure needs while reducing reliance on federal funding.

Additional reforms to the PFC program would further enable airports to fully leverage the PFC, including:

- eliminating the loophole that prevents airports from collecting user fees from non-revenue passengers;
- expanding project eligibility to encompass any lawful airport capital costs; and
- streamlining the federal review process for airports to impose the local use fee.

By modernizing the PFC program, increasing its cap, and enhancing its flexibility, airports can better address the funding gap and ensure their infrastructure keeps pace with growing demand and evolving industry needs.

PFC Related Funding Needs for Large, Medium, and Small Hub Airports
In Billions



PROJECT SPOTLIGHT

RALEIGH-DURHAM INTERNATIONAL AIRPORT

Raleigh-Durham International Airport (RDU) is undertaking a comprehensive, multi-phase expansion and modernization program, known as Vision 2040, to accommodate increasing passenger traffic and elevate the guest experience. This 25-year master plan focuses on four primary areas: airfield improvements, terminal expansions, ground transportation enhancements, and general aviation developments.

Key components of the Vision 2040 plan include:

- **Terminal 2 Expansion:** Plans are underway to expand Terminal 2 by adding more ticket counters, baggage carousels, and security checkpoint lanes to improve passenger flow. This expansion also includes enhancements to the U.S. Customs and Border Protection facilities to better accommodate international travelers.
- **Runway Replacement:** The airport is replacing its 10,000-foot runway, 5L/23R, which was originally constructed in the 1980s. The new runway will be built approximately 537 feet west of the current location, allowing the existing runway to remain operational during construction. The replacement runway will be 10,639 feet long to maintain west coast and transatlantic connectivity. Construction is expected to be completed by 2029.
- **Parking and Ground Transportation Enhancements:** RDU plans to expand its parking facilities by adding approximately 7,000 spaces to the Park Economy 3 lot. The airport also is improving roadway infrastructure to improve traffic flow.

Several factors necessitate these developments:

- **Passenger Growth:** RDU is experiencing robust growth in passenger traffic, serving a record 15.5 million travelers in 2024. This growth highlights the need to expand airport infrastructure to meet future demand and enhance the travel experience for guests.
- **Aging Infrastructure:** Key airport components, such as Runway 5L/23R and terminal facilities, require improvements to meet the evolving needs of the region.
- **Economic Development:** Modernizing airport infrastructure will allow RDU to attract even more new airlines and destinations, keep pace with growing demand for air service and expand its role as a major economic engine for the Research Triangle region.

4.4 ENHANCING EFFICIENCY AND BROADENING ELIGIBILITY FOR AIRPORT FUNDING PROGRAMS

The application process for airport grants and for seeking permission to collect and use PFCs is overly cumbersome, complex, and time-consuming. This inefficiency hinders airports' ability to access critical funding for development projects.

The FAA Authorization Act of 2024 mandates the streamlining of PFC applications. Regulatory implementation should be expedited to ensure tangible improvements in PFC application efficiency. Additionally, similar efforts to streamline grant applications and execution processes for other funding sources should be explored.

An essential additional step would be to expand the eligibility of Airport Improvement Program (AIP) grants.

The current distinction between PFC-eligible and AIP-eligible projects deserves a comprehensive review. PFC funds have a broader scope, supporting projects that enhance safety, security, capacity, and competition. These include airfield-related improvements such as runway rehabilitation and taxiway projects, as well as terminal development projects like expansions and baggage system upgrades.

In contrast, AIP grants are narrowly focused on airfield infrastructure and are typically restricted to projects like runway and taxiway construction, lighting, and signage. While AIP funds can occasionally support terminal projects, their use is limited to specific cases. Aligning AIP eligibility with PFC-eligible projects, akin to grants under the IIJA, could significantly enhance funding flexibility for airports.

5. APPENDICES >>

5.1 SCOPE, METHODOLOGY AND BACKGROUND

Airports Council International – North America (ACI-NA) conducted the 2024 Infrastructure Needs Survey with an updated approach, reflecting new aggregation and estimation methods for capturing airport infrastructure needs. This year's survey focused on assessing total development costs for the 2025-2029 period.

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 its airport members in the United States and followed up with respondents as necessary to answer questions about the survey and ensure the accuracy of answers.

Participating airports were asked to provide their aggregate infrastructure development costs for calendar years 2025 through 2029. Unlike previous years, project-level information was not collected. Instead, the emphasis was placed on total cost aggregation to streamline reporting and analysis. Costs include 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.

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 Section 5.3.

PROJECT SPOTLIGHT

DALLAS FORT WORTH INTERNATIONAL AIRPORT

Dallas Fort Worth International Airport (DFW) is undergoing a significant expansion and modernization initiative to accommodate increasing passenger traffic and enhance overall airport functionality.

Terminal F Expansion

In November 2024, DFW broke ground on the new Terminal F, marking the airport's first terminal addition in two decades. This $1.6 billion project encompasses:

- **Concourse Design:** A 400,000-square-foot, double-loaded concourse featuring 15 gates capable of accommodating narrow-body aircraft.
- **Modern Amenities:** State-of-the-art facilities, including a new Skylink station to facilitate an efficient connection to DFW's five terminals.

Terminal C Renovation

In addition to the Terminal F project, DFW has initiated a complete reconstruction of Terminal C, aiming to transform it into a modern and spacious facility. Key aspects of this $3 billion project include:

- **Structural Enhancements:** Removal of over 400 view-obstructing columns, installation of dynamic glass windows, and elevation of the terminal's roof to create a more open and inviting space.
- **Passenger Amenities:** Introduction of new shops, restaurants, lounge areas, updated check-in zones, security checkpoints, and improved restroom facilities to enhance the traveler experience.

Several factors drive these substantial projects:

- **Passenger Growth:** DFW served nearly 90 million travelers in 2024, with expectations to reach 100 million by 2028. To meet this demand, ongoing expansions of existing terminals and construction of a new sixth terminal are set to deliver 24 net new gates by the end of 2027.
- **Aging Infrastructure:** Terminal C, one of the airport's busiest, requires modernization to align with contemporary standards and improve passenger satisfaction.
- **Economic Impact:** Enhancing airport facilities is poised to attract more airlines and routes, thereby stimulating economic growth in the North Texas region.

5.2 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 2023 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 31 large-hub, 28 medium- hub, and 28 small-hub airports. As shown in Table 1, this represents 100 percent of all passengers enplaned at large hubs, 84 percent of all passengers enplaned at medium hubs, and 43 percent of all passengers enplaned at small hubs in 2023.

Table 1: Responding Airports Breakdown

Airport Category	Total Number of Airports in the Category	Percentage of Direct Responses to Survey	Percentage of Airport Needs Estimated by CIPs	Percentage of Airport Needs Estimated by FAA NPIAS	Respondents of total 2023 enplanements
Large Hub	31	100%	-	-	71.8%
Medium Hub	33	85%	12%	3%	16.3%
Small Hub	74	38%	36%	26%	8.9%
Non-Hub*	252	-	-	100%	2.9%
Other*	2,897	-	-	100%	0.1%
Total	3,287*				100%

**Note: From FAA NPIAS 2025 – 2029 Report*

Sources: ACI-NA Survey, FAA NPIAS 2025 – 2029, and Airports Capital Improvement Plans (CIPs)

Table 2: Total Inflation adjusted ACI-NA 2025 - 2029 Infrastructure Cost Estimate

Airport Category	Total number of airports by category in the national airport system	Total 2025 – 2029 infrastructure development costs in millions of 2024 constant dollars	Percentage of Total
Large Hub	31	$103,205	59.3%
Medium Hub	33	$29,837	17.2%
Small Hub	74	$13,601	7.8%
Non-Hub	252	$8,046	4.6%
Other	2897	$19,210	11.0%
Total	3287	$173,908	100.0%

PROJECT SPOTLIGHT

LOUIS ARMSTRONG NEW ORLEANS INTERNATIONAL AIRPORT

Louis Armstrong New Orleans International Airport (MSY) has undergone a significant transformation with the development of a new North Terminal, significantly enhancing passenger experience and operational efficiency.

The new North Terminal, which opened in November 2019, is a state-of-the-art facility designed to accommodate the growing demands of air travel to and from New Orleans. Key features include:

- **Terminal Design:** The terminal spans approximately 972,000 square feet and includes 35 gates distributed across three concourses (A, B, and C). The design emphasizes spacious departures and arrivals halls, intuitive wayfinding, and increased international capacity.
- **Passenger Amenities:** Travelers benefit from centralized security checkpoints, a variety of local and international dining and retail options, modern passenger processing systems, and ample natural lighting throughout the facility.
- **Ground Transportation:** The project includes two new parking garages, surface parking, and improved roadway systems to facilitate better access and circulation for passengers.

Several factors necessitated the development of the new terminal:

- **Aging Infrastructure:** The previous terminal, built in 1959, was outdated and struggled to meet modern passenger expectations and security requirements.
- **Passenger Growth:** MSY experienced significant increases in passenger traffic, becoming the fifth fastest-growing airport in the United States at the time. The new terminal was designed to accommodate this growth and future demand.
- **Economic Development:** Enhancing airport infrastructure was essential to support tourism and business travel, vital components of New Orleans' economy.

Cost Inflation Treatment

Of the 87 responding airports, 24 airports reported development cost estimates that were not adjusted for inflation. To ensure consistency, these estimates were increased by 1.5% annually to reflect projected cost increases over the survey period. Estimates from the remaining airports, which included inflation adjustments, were used as reported.

Estimation Process for Non-Responding Airports

To generate a comprehensive estimate of infrastructure needs across all U.S. airports, ACI-NA applied supplementary estimation techniques for airports that did not participate in the survey:

- Capital Improvement Plans (CIPs): The most recent publicly available CIPs were sourced for non-responding airports to determine their development cost projections. This data provided a clear representation of planned infrastructure spending.
- NPIAS Data Utilization: Where CIPs were unavailable or insufficiently detailed, estimates were derived using data from the 2025-2029 National Plan of Integrated Airport Systems (NPIAS). This approach ensured that all airport categories were represented within the national infrastructure needs estimate.

Data Aggregation Approach

The aggregate estimates derived from responding and non-responding airports were compiled to provide a holistic overview of anticipated airport infrastructure needs for the 2025-2029 period. This updated methodology ensures that the survey's findings reflect both the latest available data and consistent estimation practices.

As shown in Table 2, total industry infrastructure needs are estimated to be $173.9 billion. Average annual infrastructure needs for the years 2025 through 2029 are 15.1 percent higher than for the years 2023-2027 estimated in the ACI-NA survey done almost two years ago.

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. ACI-NA combined airfield safety, standards and reconstruction project types into one category. Additionally, ACI-NA included a new category as resiliency projects apart from the NPIAS project types. Resiliency project focuses on the ability of airports to withstand, respond to, and recover from adverse events and disruptions, such as natural disasters, technical failures, and security threats. Key aspects include:

- Preparation and Planning: Developing emergency response plans and conducting training and drills;
- Infrastructure Robustness: Building and maintaining infrastructure that can endure extreme weather events and other hazard;
- Operational Continuity: Ensuring that essential airport functions can continue during and after disruptions through backup systems and contingency plans; and/or d) Adaptation and Learning: Continuously improving resilience strategies based on past experiences and evolving threats.

As shown in Table 3, 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.

Table 3: ACI-NA Total Costs by Project Type
In Millions

Hub Size	Access	Airfield Capacity	Airfield Safety, Standards and Reconstruction	Environment	Noise	New Airport	Other	Resiliency	Terminal Building	Security	Total	Percent
Large Hub	$15,133	$6,040	$10,726	$989	$401	$50	$13,814	$2,242	$51,884	$1,925	$103,205	59.42%
Medium Hub	$2,901	$1,938	$5,312	$867	$88	$0	$3,857	$998	$13,345	$531	$29,837	17.18%
Small Hub	$738	$1,202	$3,294	$105	$8	$0	$2,139	$448	$5,366	$101	$13,402	7.72%
Non-Hub	$162	$258	$5,768	$31	$12	$0	$315	$0	$1,419	$79	$8,046	4.63%
Other	$397	$843	$15,496	$27	$19	$320	$1,251	$0	$827	$30	$19,210	11.06%
Total	$19,331	$10,282	$40,597	$2,019	$529	$370	$21,376	$3,688	$72,842	$2,666	$173,700	100.00%
Percent	11.13%	5.92%	23.37%	1.16%	0.30%	0.21%	12.31%	2.12%	41.94%	1.54%	100.00%	

Source: ACI-NA Survey and FAA 2025 – 2029 NPIAS Report

5.3 FAA DEFINITIONS OF AIRPORT CATEGORIES

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

Table 1: Responding Airports Breakdown

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-Hub: More than 10,000, but less than 0.05%	Non-Hub Primary
	Non-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 2023 data are used for fiscal year 2025 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.

5.4 ACI-NA'S INFRASTRUCTURE NEEDS SURVEY IS CONSISTENT WITH THE FAA NPIAS

The FAA highlights that airports have drastic airport infrastructure needs that must be met.

FAA's 2025-2029 NPIAS estimates approximately $67.5 billion in airport development between 2025 and 2029 for projects identified by airports for funding under AIP and IIJA.

FAA estimates, which are significant, remain limited and do not capture the overall airport infrastructure needs as compared to ACI-NA estimates. The two estimates are complimentary as they demonstrate that airports have critical infrastructure needs that are not funded, with ACI-NA's estimates being the most accurate because they include ALL airport projects:

- While FAA only considers AIP and IIJA 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, the ACI-NA estimate includes all projects, whether they have an identified funding source.
- ACI-NA estimates also rely on more recent data that is adjusted for inflation and includes contingency costs.