

# Washington Update:

Prognosis & Implications for the Aviation Industry

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# Airport Consultants Council (ACC)

The Airport Consultants Council (ACC) is the global trade association that represents private businesses involved in the development and operations of airports and related facilities. ACC is the only association that focuses exclusively on the business interests of firms with airport-related technical expertise. ACC informs its members of new trends while promoting fair competition and procurement practices that protect the industry's bottom line.

Founded in 1978, ACC Headquarters is located in the Washington, D.C. area.





# SECURITY MANUFACTURERS COALITION



- The Security Manufacturers Coalition serves as the unified voice of companies that manufacture security screening technology.
- The coalition addresses issues that most affect security technology companies, such as:
  - partnering with government to create strategic plans for the deployment of screening technologies;
  - partnering with government to define requirements to better drive research and development investments;
  - advocating for adequate funding levels;
  - encouraging transparency in funding;
  - advocating for efficient and equitable acquisition processes;
  - and providing attention to ongoing harmonization of international standards and regulations.



# Overview



- Aviation/Airport Landscape
- Infrastructure Package
- Appropriations and Budget Status
- FAA Reauthorization – Issues
- Aviation/Transportation Prognosis

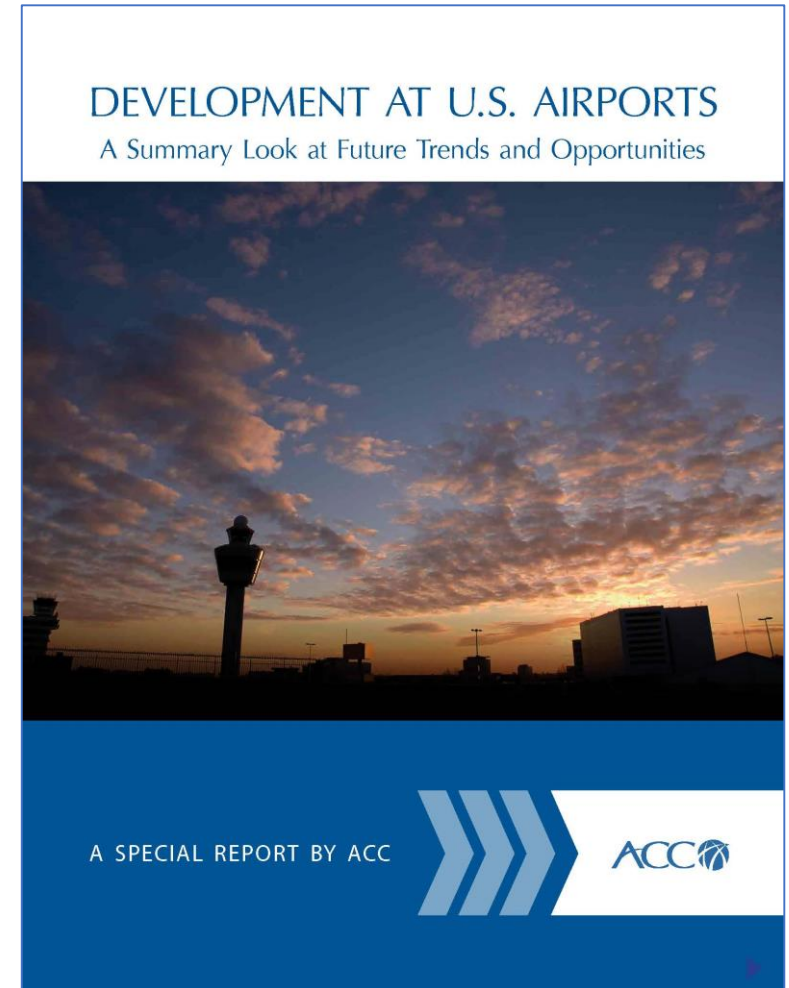
# Aviation Trends



# State of the Industry Report

ACC Report – February, 2017:

- What are key trends in airport development in the U.S.?
- Which projects (and what level of investment) are expected through 2021?
- Opportunities and implications for those involved in airport development:
  - Types of projects
  - Funding
  - Procurement methods
  - Required consultant services



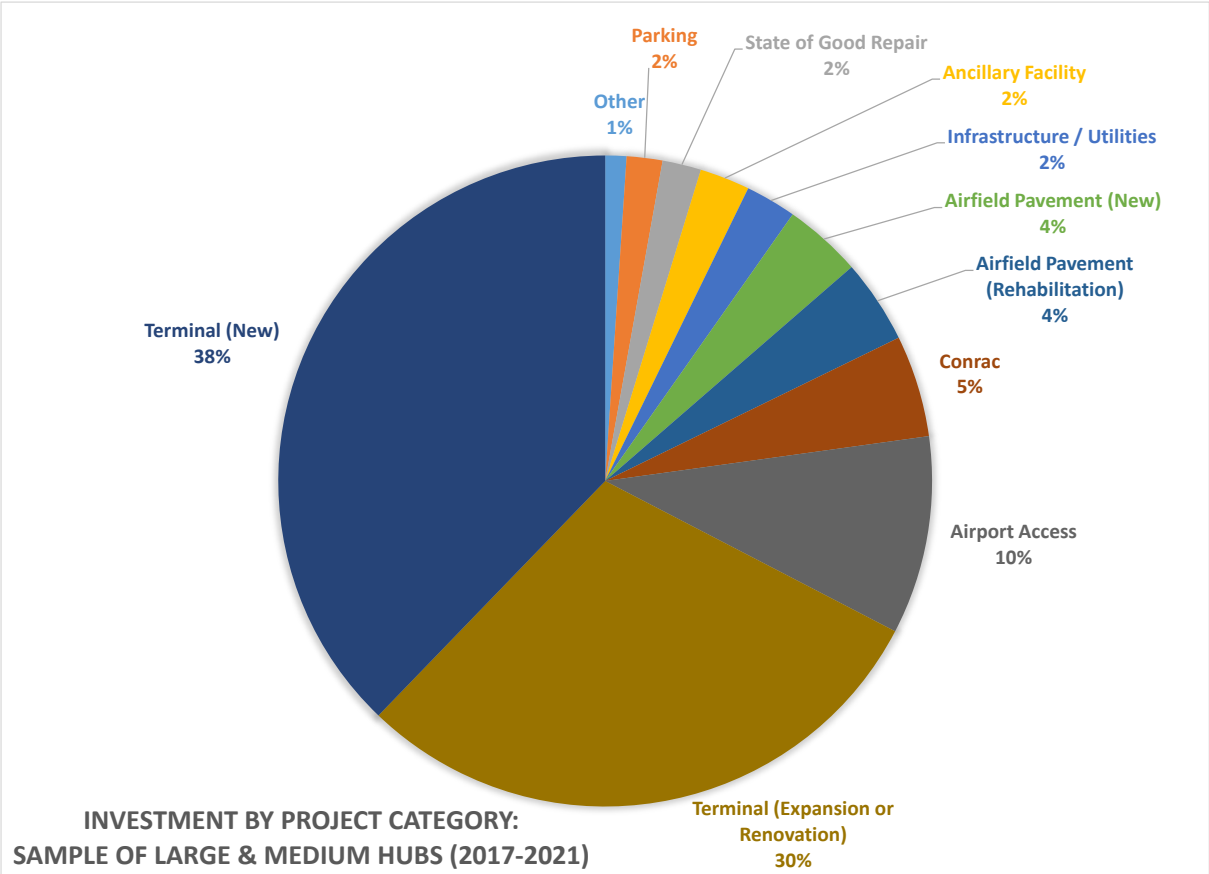
# LARGE AND MEDIUM HUB PROJECTS

- 2017 – 2021 projects spreadsheet available at [aconline.org](http://aconline.org).
- Useful “roadmap” of details on upcoming projects.

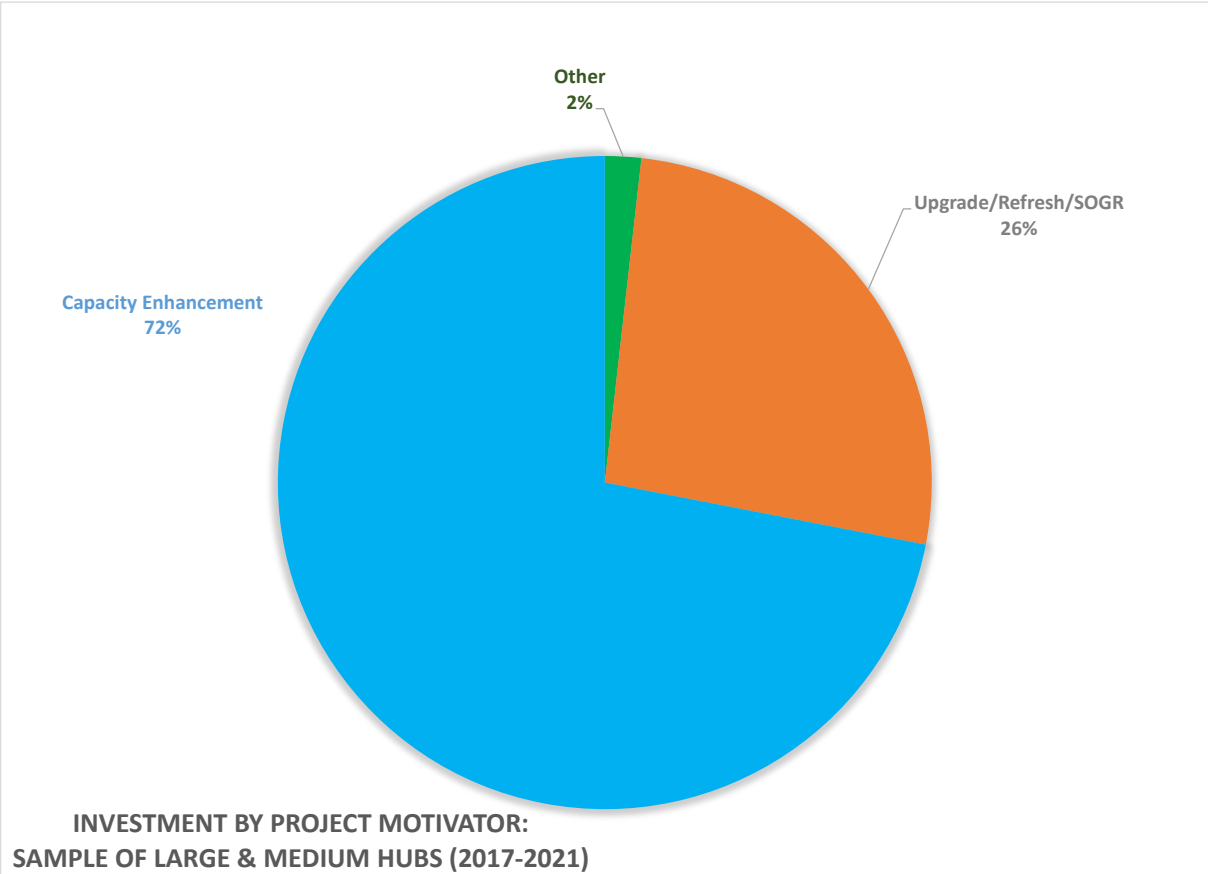
Code	Project Name	Project Description	Project Category (Select from Drop Down)	Project Start (Year)	Project Completion (Year)	Current Stage	Estimated Project Cost (\$ millions)	Funding Sources (Bonds, Private, AIP, PFC, and/or other)	Procurement Type (Select from Drop Down)	Prime Project Motivator (Select from Drop Down)	Consulting Required (Planning, Architecture, Engineering, Environmental, Bag Systems & Consulting, APM Consulting, Financial, IT, Security, Construction and/or other)
HOU	Taxiway H & H2 Rehab	Rehabilitation of Taxiways H and H2 at Hobby Airport due to deteriorating pavement.	Airfield Pavement (Rehabilitatio	2019	2020		\$ 11.17	HAS-Airports Improvement		Upgrade/Refresh/SOGR	Planning, Environmental, Engineering,
HOU	Non-Standard FAA Taxiways	Rehabilitation of Taxiway D, E, K1, J and C PCC CPR Reconstruction of Section 515 and 4" AC Resurface of Section 520 and Section 7906.	Airfield Pavement (Rehabilitatio	2017	2019	Design	\$ 30.00	AIP (most), HAS-Airports Improvement		Upgrade/Refresh/SOGR	Planning, Environmental, Engineering, Construction
HOU	Taxiway M Rehab	Reconstruction of asphalt taxiway M to concrete.	Airfield Pavement (Rehabilitatio	2020	2021		\$ 16.05	HAS-Airports Improvement		Upgrade/Refresh/SOGR	Planning, Environmental, Engineering,
HOU	Modify N Electrical Vault and Misc. Elec	Integrate North vault with South vault circuits enlarging vaults for IT and generators, provide upgrades to airfield electrical to close loop to	Infrastructure / Utilities	2020	2021		\$ 5.00	HAS-Airports Improvement		Upgrade/Refresh/SOGR	Planning, Environmental, Engineering, Construction
IAH	Various Bldg & Supt Sys-Central FIS - Infrastructure		Infrastructure / Utilities	2017	2018	Construction	\$ 40.00	Revenue Bonds		Upgrade/Refresh/SOGR	Engineering, Construction
IAH	General Environmental Services	Rehabilitate and/or replace the IAH storm water pollution control systems' structures.	Infrastructure / Utilities	2017	2017	Construction	\$ 5.70	Revenue Bonds		Upgrade/Refresh/SOGR	Environmental, Engineering, Construction
IAH	Term A N&S 480-Volt Distribution Sys	This project funds the replacement of the service entrance switch gear and the 480-volt distribution systems within Terminal A North and South terminal concourses to maintain service reliability.	Infrastructure / Utilities	2017	2017	Construction	\$ 20.60	HAS-Airports Improvement		Upgrade/Refresh/SOGR	Engineering, Construction

# LARGE AND MEDIUM HUB PROJECTS

## PROJECT CATEGORIES



## PROJECT MOTIVATORS





# SERVICES REQUIRED OF PROJECTS

Discipline	# of Projects Requiring	Total Project Spend (\$B)	Percentage of Spend
Engineering	512	\$ 68.8	98%
Construction	498	\$ 66.3	95%
Planning	400	\$ 58.0	83%
Architecture	146	\$ 48.2	69%
IT	78	\$ 34.4	49%
Security	82	\$ 33.4	48%
<b>Baggage</b>	<b>33</b>	<b>\$ 15.6</b>	<b>22%</b>
Environmental	99	\$ 10.3	15%
Rail/APM	15	\$ 6.1	9%
Financial	8	\$ 3.7	5%
<b>TOTAL</b>	<b>534</b>	<b>\$ 69.8</b>	



# What's Going on in DC?

# Infrastructure Package?



- \$200 billion in Federal spending leveraging ~\$1.5 trillion in infrastructure.
- Federal “seed” money for states and locals to leverage.
- Focus: regulatory reforms to expedite federal approvals

*NO “INFRASTRUCTURE FUNDING BILL”  
ANTICIPATED!*

# FY 2018 Appropriations

- Massive spending increase - \$63 billion non-defense (and \$68b coming next year)
- \$10 billion for infrastructure in '18 and '19

## FAA Funding:

	FY 2017	FY 2018
USDOT Total	\$57.7 b	\$70.3 b
FAA Total	\$16.4 b	\$18 b
<i>AIP</i>	\$3.35 b	\$4.35 b
<i>F&amp;E</i>	\$2.8 b	\$3.2 b

# FY 2018 Appropriations

- Additional \$1 billion in AIP
  - Provided from General Fund, not AATF
  - “Priority consideration” to...
    - Non-primary airports not in Metropolitan or Micropolitan statistical areas
    - Small and Nonhub primary airports
  - FY 2019 appropriations bill could included another \$500 - \$750 million increase



# FY 2018/2019 Appropriations - TSA

- Focus on CT
  - \$65 million in FY 2018
  - House proposes \$91 million for FY 2019; \$71.5 million in Senate proposal

## TSA Funding:

	FY 2018 Enacted	House FY 2019	Senate FY 2019
TSA Total	\$7.4 b	\$7.32 b	\$7.5 b
<i>Checkpoint Support</i>	\$68 m	\$94.4 m	\$74.4 m
<i>Checked Baggage</i>	\$83 m	\$35.3 m	\$85.3 m

# FAA Reauthorization

# FAA Reauthorization: Key Issues

- House Bill - Air Traffic Control
  - Move from FAA to non-profit private corporation – GONE!
- Senate Bill - Pilot Training
  - Reduce minimum requirement for hours



# FAA Reauthorization: Funding

- AIP – Currently \$3.35 billion
  - House bill –
    - Initial bill had incremental increase to \$3.9 billion;
    - HR 4: back to \$3.35 billion
    - Additional \$1 billion subject to annual appropriations
  - Senate bill – increase to \$3.75 billion
- PFC Increase – Not this time



# FAA Reauthorization: TSA Provisions

- **5-Year Term for Administrator**
- **T&E Reforms**
  - **3<sup>rd</sup> Party Testing for TSE**
  - **TSL/TSIF Reforms**
- **International Standards**
- **5-Year Technology Plan Update**
- **Innovation Task Force**
- **Exit Lanes**
- **CT Pilot Program**
- **PreCheck Reforms**
- **K9**
- **Cargo Provisions**



# FAA Reauthorization: What's in Store

- Last authorization expired Sept. 30, 2016
- Current extension lasts to Sept. 30, 2018
- Senate FAA consideration pending

# DOOMED TO REPEAT?

## Short-Term Extensions of the "Vision 100 - Century of Aviation Reauthorization Act" (23)

1	110th	HJRes 52	10/1/2007 - 11/16/2007	2.5 months	9/26/07	9/27/07	9/29/07	110-92
2	110th	HR 3222	11/17/2007 - 12/14/2007	1 month	11/8/07	11/8/07	11/13/07	110-116
3	110th	HJRes 69	12/15/2007 - 12/21/2007	1 week	12/13/07	12/13/07	12/14/07	110-137
4	110th	HJRes 72	12/22/2007 - 12/26/2007	1 week	12/19/07	12/19/07	12/21/07	110-149
5	110th	HR 2764	12/26/2007 - 2/29/2008	2 months	6/22/07	9/6/07	12/26/07	110-161
6	110th	HR 5270	3/1/2008 - 6/30/2008	4 months	2/12/08	2/13/08	2/28/08	110-190
7	110th	HR 6327	7/1/2008 - 9/30/2008	3 months	6/24/08	6/26/08	6/30/08	110-253
8	110th	HR 6984	10/1/2008 - 3/31/2009	6 months	9/22/08	9/23/08	9/30/08	110-330
9	111th	HR 1512	4/1/2009 - 9/30/2009	6 months	3/18/09	3/18/09	3/30/09	111-12
10	111th	HR 3607	10/1/2009 - 12/31/2009	3 months	9/23/09	9/24/09	10/1/09	111-69
11	111th	HR 4217	1/1/2010 - 3/31/2010	3 months	12/8/09	12/10/09	12/16/09	111-116
12	111th	HR 4957	4/1/2010 - 4/30/2010	1 month	3/25/10	3/26/10	3/31/10	111-153
13	111th	HR 5147	5/1/2010 - 7/3/2010	2 months	4/28/10	4/28/10	4/30/10	111-161
14	111th	HR 5611	7/4/2010 - 8/1/2010	1 month	6/29/10	6/30/10	7/2/10	111-197
15	111th	HR 5900	8/2/2010 - 9/30/2010	2 months	7/29/10	7/30/10	8/1/10	111-216
16	111th	HR 6190	10/1/2010 - 12/31/2010	3 months	9/23/10	9/24/10	9/30/10	111-249
17	111th	HR 6473	1/1/2011 - 3/31/2011	3 months	12/2/10	12/18/10	12/22/10	111-329
18	112th	HR 1079	4/1/2011 - 5/31/2011	2 months	3/29/11	3/29/11	3/31/11	112-7
19	112th	HR 1893	6/1/2011 - 6/30/2011	1 month	5/23/11	5/24/11	5/31/11	112-16
20	112th	HR 2279	7/1/2011 - 7/22/2011	3 weeks	6/24/11	6/27/11	6/29/11	112-21
21	112th	HR 2553	8/5/2011 / 9/16/2011	2 months	7/20/11	8/5/11	8/5/11	112-27
22	112th	HR 2887	9/17/2011 - 1/31/2012	4.5 months	9/13/11	9/15/11	9/16/11	112-30
23	112th	HR 3800	2/1/2012 - 2/17/2012	2 weeks	1/24/12	1/26/12	1/31/12	112-91

# Prospects

# Interest in Infrastructure

- ✓ Infrastructure needs are tremendous
  - \$100 billion in airport development needs
- ✓ Interest in infrastructure
  - Increased funding for AIP
- ✓ Projected air travel growth; health of airlines
- ✓ Interest in private investment booming

# Airport Infrastructure: P3's at Airports?

- Enormous private sector interest -- Especially from overseas
- Lack of understanding
  - Of regulatory environment
  - By FAA regulators
- With or without Infrastructure Package





# 2018 Challenges - Washington

- Congressional Election
  - New majority?
  - Senate
    - 33 seats
    - 24 Dem seats + 2 Independents
    - 10 states voted for Trump
- Congressional Calendar (SCOTUS)
- Deficits, HTF insolvency, etc.



# 2018 Challenges - Industry



- Workforce
- Buy America
- Fuel prices

# Thank you!

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