

INTERNATIONAL ASSOCIATION OF



BAGGAGE SYSTEM COMPANIES

GOVERNMENT RELATIONS COMMITTEE WHITE PAPER

FEDERAL GOVERNMENT MONEY FOR BAGGAGE HANDLING SYSTEM IMPROVEMENTS



Federal Government Money for BHS Improvements

Get It Before It's Gone

The Baggage Handling System (BHS) is one of the most critical infrastructure components of an airport, as it provides a service to all airport stakeholders, with security being its driving factor. Even with an optimized BHS, the existing airport infrastructure alone can become a bottleneck to the service and benefits that are expected by all airport stakeholders involved, including passengers, airlines, airport authorities, and the Transportation Security Administration (TSA).

There are a substantial number of airports with current infrastructure limitations. Many of these airports, more than 60% by our internal estimates, are medium and small hub regional airports. Our goal of this white paper is to help raise awareness and find funding to help with modernization of both the airport infrastructure and the BHS industry. This will ensure that air traveler and airport stakeholder satisfaction remain high throughout the upcoming years.

Although our organization focuses on the BHS, we understand that air travel itself would classify as the key economic driver, and the following are points on how the BHS plays a significant role in a satisfactory air travel experience:

- The BHS is not often considered part of the passenger experience, yet a lost or late bag significantly impacts the passenger's opinion of the associated airport and airline. A passenger may not understand why they are having issues with their baggage, but universally, they will blame the departure airport and airline. Over time, these negative experiences can create a long-lasting and unfavorable impression of the airport and air-travel.
- Airlines are intimately familiar with BHS processes and are very aware of the operational and customer service impacts of older and outdated BHSs.
- Passengers are the reason that airports and airlines exist and maintaining their satisfaction is paramount. If passengers lose confidence that their baggage will arrive with them, airports and airlines risk long-term reductions to passenger traffic, having economic impacts. This may also create an impact to short flights from spoke cities to hubs as passengers opt for automobile travel instead of airline travel.

Understanding Funding Opportunities for the BHS

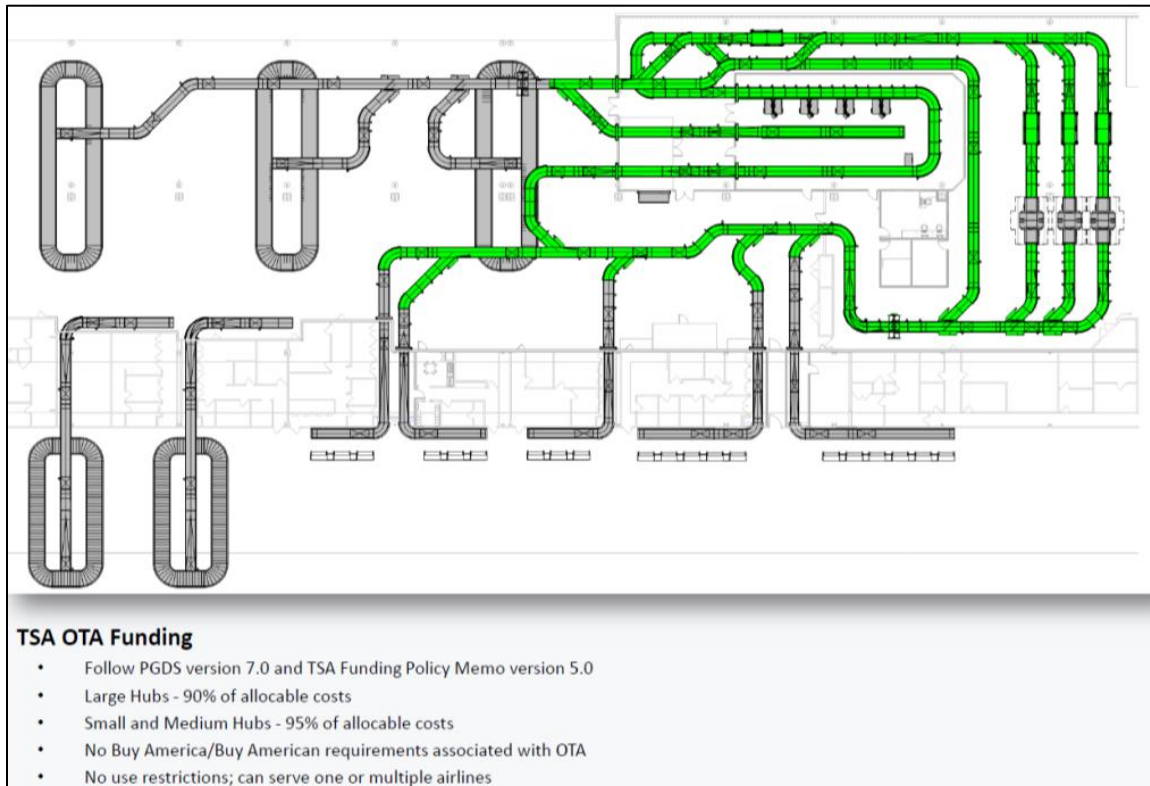
Fortunately, there are US government programs designed to help airports with funding for BHS operational and efficiency improvements, expansions, and updates. Traditionally, BHS improvements funding has fallen under the following categories:

- TSA Other Transaction Authority (OTA)
- FAA Passenger Facility Charge (PFC)

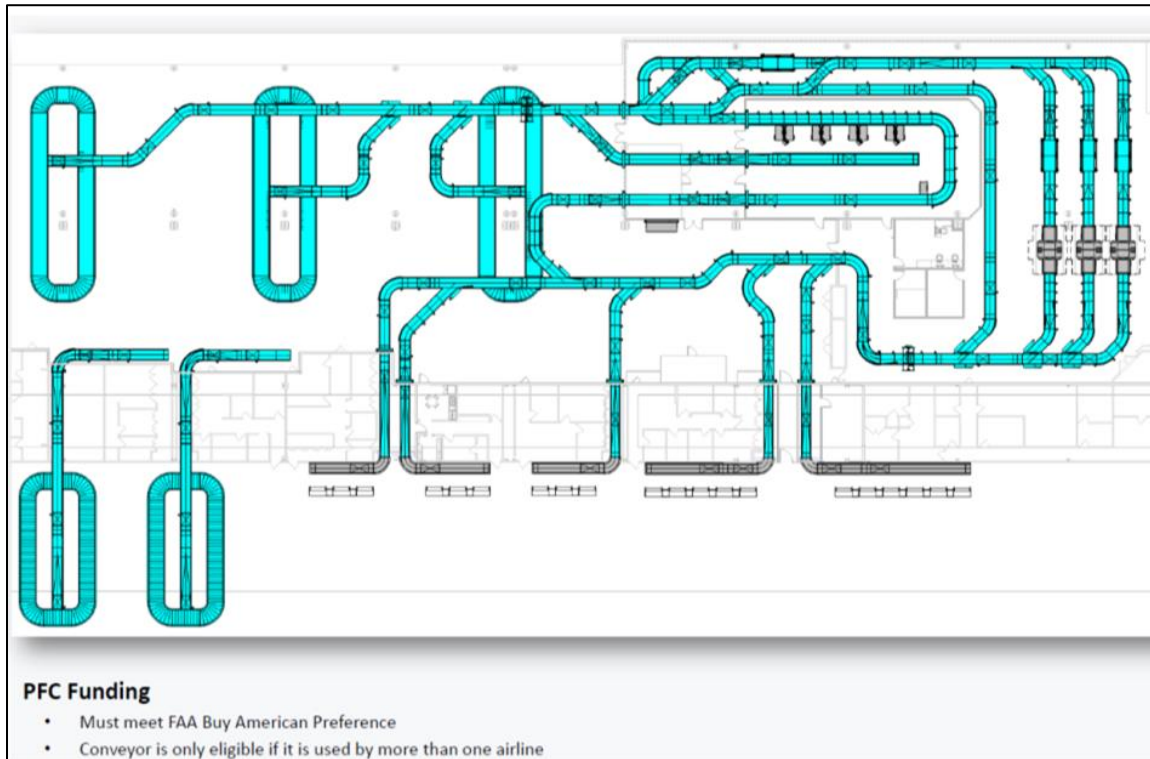
- Airport Improvement Program (AIP)
- Grants

Under these traditional funding sources, improvements to the BHS are funded with dollars limited to specific BHS subsystems. The funding breakdown for each specific program outlined above is shown below:

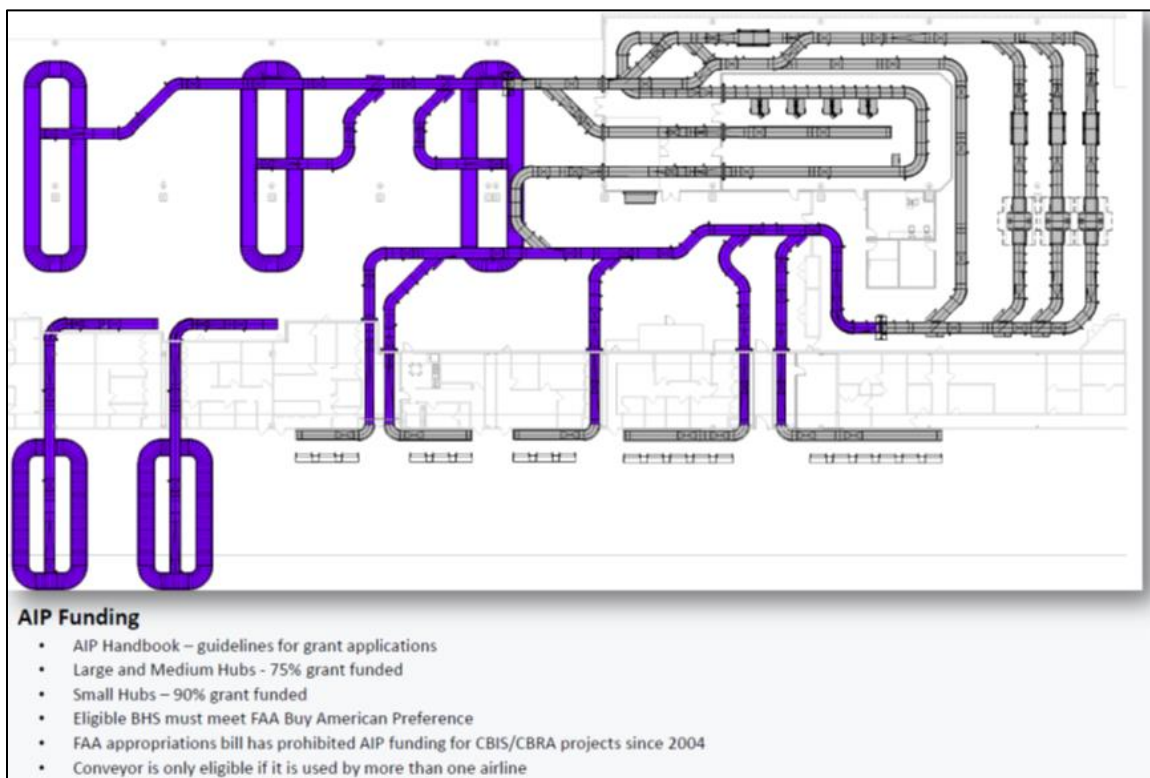
- TSA OTA – Funds the portion of the BHS that is directly involved in the baggage screening process (CBIS and CBRA):



- FAA PFC – Expands the areas of the BHS that are available for funding to the baggage sortation subsystem, make-up units, and infeed lines (ticket counters excluded):

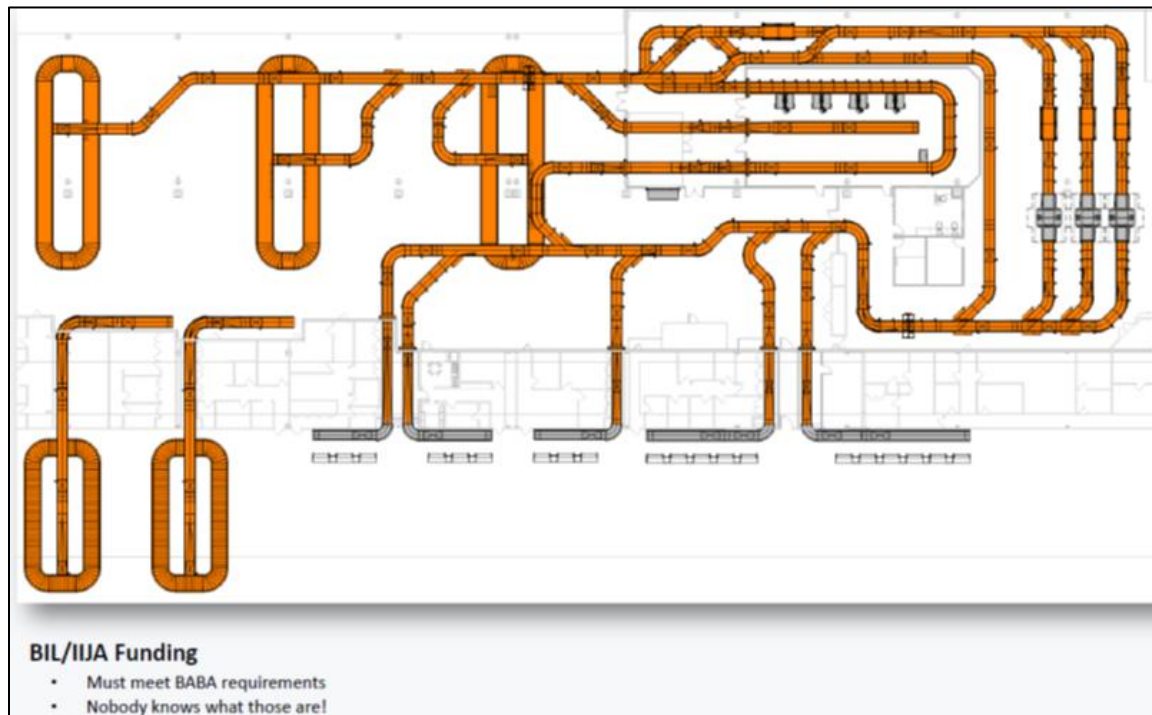


- AIP – Funds the portion of the BHS that is not directly involved in the baggage screening process (CBIS and CBRA):



However, with recent stimulus programs, as well as the Bipartisan Infrastructure Law (BIL), additional sources of funding have become available for airports to access for their BHS needs (as shown below):

- BIL/IIJA – Funds most of the BHS except for the ticket counter load belts:



As you can see from the various funding opportunities, it is now possible to fund most BHS projects.

Appendix

Case Study – How a Regional Airport Funds Improvements



An Interview with
Thomas "Chris" Curry
President of Mobile Airport Authority

Question 1: How to reach out to your congressional member?

Chris: *"I am active in pursuing all avenues to reach and get to know our Congressional members:*

- *Day on Hill – Work with an association or create one.*
- *Meet when your Federal, State, and local representatives visit your airport or community.*
 - *Know when they travel – Help them understand the impact to their district your airport makes.*
 - *Know your numbers – Employment, revenue, and what will your growth plans do?*
 - *Help him/her to "sell" your request.*
- *Go to Washington for one-on-ones. I budget funds to ensure I can travel once a year for a one-on-one.*
- *If your airport is Municipal or City owned, you may compete with other projects outside the airport. You may have to take a back seat in the funding process.*
 - *You need to work with the Board ahead of time and hope for the best."*



Question 2: Your airport experiences you can share?

Chris: "I am fortunate to have forty plus years in Airport Services. I learned you need to be creative and persistent to get what we need for our airport. While at Tallahassee I could not get FAA funding for a Runway project, so I went to the DOT and received \$5 Million of the \$10 Million budget.

Work with TSA local and Federal TSA, be prepared – Set up "Shovel Ready Projects," have Design or a good concept ready to show. Explain how your representative can benefit; how will the BHS be better – LEEDS (energy savings), happy passengers, and happy voters!"

Question 3: Please explain how Mobile Airport acquired FAA funding. How did your Congressional Rep navigate through the bureaucratic maze and find money?

Chris: "Earmarks. Language added into an AIP to expand the ability to cover operational projects. Projects that may not have been approved, not AIP eligible. I am fortunate to have the Hon. Senator Richard Shelby – Chairman of the Senate Committee on Appropriations, Sr. Member – Banking, Housing and Urban Affairs Committee, and Sr. Member on Rules and Administration. Great to know a Senator with 36 years' experience. Think of how much revenue your airport brings to your local, state, and the federal government.

There is also the PPA – Senators can re-program funding from already allocated projects to other projects. They define where this portion of money goes even after it is allocated. So do not give up if you do not win immediately. Think of how many millions are still available from the various stimulus programs."



Call to Action

Below is a list of programs, available funding, and most important timelines and deadlines for your review:

BIL Program	Available Funding	Eligible Projects	Overview and Timeline
Airport Infrastructure Grant (AIG) Program (AIG Allocated)	\$14.45 billion in formula allocations over 5 years (\$2.89 annually)	Any AIP or PFC-eligible project	Dec 21: FAA announced FY 22 AIG Allocations Apr. 22 FAA expected to release updated FAs on how to apply for FY22 AIG grant May 22: FAA expected to begin issuing FY22 AIG grants Oct-Nov 22: FAA expected to announce FY23 AIG Allocations
Airport Terminal Program (ATP)	\$4.85 billion in competitive grants over 5 years (\$970 million annually)	Projects for (a) terminal development (b) on-airport rail access, or (c) relocating, repairing or improving an airport-owned ATCT (FAA staffed or in the FCT program)	Feb 22: FAA releases NOFO and Form 5100-144 for airports to apply for FY22 ATP grant Mar 28, 22, Deadline for airports to submit applications Apr-Jun 22, ADOs review and prioritize applications before National Control Board evaluates and selects projects Jun-Jul 22: FAA expected to announce notices of intent to fund selected ATP projects for FY22



			Oct-Nov 22: FAA expected to release NOFO and open period for airports to apply for FY23 ATP grants
Facilities and Equipment Program	\$5 billion over 5 years to replace ATC facilities (\$1 billion annually) including \$200 million for FAA-owned FCTs	Capital improvements for FAA-owned and maintained ATC facilities	<ul style="list-style-type: none"> - The FAA Air Traffic Organization administers the program - Year 2 (FY22) will focus on sustainment and prepare for ATC facility replacement - Years 2-5 (FY23-FY26) will focus more on facility replacement - No details released yet on project locations

TSA OTA's:

- FY 2024 Applications – 10/2022 through 06/2023

The Money is Expiring:

- Cares Act – No longer available starting on 09/2022
- American Rescue – No longer available starting on 12/2024
- Families First Act – No longer available starting on 2023

Current Infrastructure Bill (\$1 Billion for Airports):

- \$60 Million for Terminal infrastructure and Baggage Systems
- \$50 Million to four airports
- BUT... \$18 Billion in requests from other airports

It is not easy to secure funding and a continually active and consistent approach; planning and execution is needed each year. The IABSC is dedicated to helping our member partners and the BHS industry achieve success. You can find information on our January 2023 Summit event and the Monthly Meeting schedule, on the IABSC website.

Thank You and Good Luck!