ACI NORTH AMERICA
AIRPORTS COUNCIL INTERNATIONAL

November 20, 2020

The Honorable Joseph R. Biden, Jr.
Office of the President-elect
Washington, DC

Dear President-elect Biden:

On behalf of airports across the country, congratulations on your election as the next president of the United States. America's airports look forward to working with you and your administration on a range of aviation issues important to the American economy, such as implementing new health and safety measures in response to the COVID-19 global pandemic and making long-overdue investments in our nation's airport infrastructure.

By welcoming millions of travelers and millions of tons of cargo each year, America's airports are powerful economic engines in local communities all across the country – generating more than $1.1 trillion in annual economic activity and supporting nearly 10 million jobs. U.S. airports foster vital connections for tourism, business, and commerce all around the globe.

The U.S. aviation system, though, faces unprecedented challenges today due to the global COVID-19 pandemic. The dramatically reduced travel volumes – and in some instances the loss of commercial air service altogether – have significantly depressed revenue throughout the system, causing airports, airlines, and tenants to struggle for survival. U.S. airports alone are projected to lose over $23 billion in revenue in the first year of the COVID-19 pandemic. As airports tackle the immediate challenges presented by COVID-19 and prepare for the eventual return of passengers, it is clear there will be no "going back to normal" — just a "new normal."

Since airports are critical infrastructure facilities, they must remain open and operational, while making significant new investments to protect the health and safety of passengers, employees, and tenants. The new health and safety standards at airports require substantial and ongoing investments in the latest technologies, equipment, and facilities nationwide. Airports are increasing the cleaning of public areas; upgrading air filtration systems; adding more hand sanitizing stations; installing plexiglass barriers; procuring personal protective equipment; and implementing physical distancing measures. Airports are making these investments as they face increased financial pressure, forcing them to cut their budgets, defer capital projects, and reduce other expenses, all while planning for the new airport experience.

Earlier this year, ACI-NA convened an Airport Industry Recovery Advisory Panel to assess the ongoing operational needs of airports in the United States and Canada, as well as considerations to ensure passenger safety, limit further spread of COVID-19, and restore the public's confidence in air travel. In June, the panel released 52 immediate, medium-term, and long-term priorities and focus areas to assist with the restart and recovery of air travel. As the report states, the restart and recovery of the aviation sector will require a consistent and harmonized approach with clear industry standards and good practices. In that vein, we would like to work with you, your administration, and Congress on the following urgently needed policy changes to address the "new normal" for airports.

Additional Emergency Assistance to Airports

The $10 billion allocated for airports in the CARES Act provided a lifeline that helped U.S. airports survive the early days of this unprecedented pandemic, but these facilities still face considerable challenges in the months and years ahead. With more airports running out of CARES Act funding every day, the airport industry has come together in support of a $13 billion request to provide additional direct aid to airports, as well as a separate $3.5 billion request to help airport concessionaires weather the storm. Getting more federal aid out the door and into local communities as quickly as possible will ensure airports can continue to respond appropriately to new operational demands, pay for debt service on their bonds, keep their critical health, safety, and security projects on track, and employ airport staff.

Like airlines, the economic shutdowns that started in mid-March triggered an immediate drop in passengers at airports nationwide. Airports faced a 95 percent decrease in passengers for nearly two months, and now they are struggling with a 60-70 percent decrease over last year's levels. Airlines continue to reduce their schedules because bookings are down and most international border restrictions remain in place. Passenger surveys are showing recovery will not take off until there is a vaccine, so COVID-19 will have a long-term impact on the aviation industry.

Federal Mandate for Facial Coverings in Airports

To help ensure consistency throughout the U.S. aviation system and provide for the health of travelers and aviation workers – and in line with guidance provided by public health officials – we urge the federal government to issue a requirement for passengers and aviation workers to wear facial coverings during the public health emergency. Absent a federal requirement, we continue to support state and local guidelines that all individuals in passenger airport terminals wear facial coverings over their nose and mouth during the COVID-19 pandemic, but a patchwork of different standards at locations around the country has caused confusion for passengers, employees, and airports, and led to inconsistent use of facial coverings inside airport terminals.

Health Screenings for the Resumption of Air Travel

Since the beginning of the pandemic, there have not been clearly defined COVID-19 testing roles and responsibilities for federal agencies, local officials, and aviation stakeholders. This has resulted in ill-defined departure and arrival procedures for passengers. Federal agencies, local public health agencies, airports, and air carriers should work together to develop a strategic plan that could help restart international air travel and stimulate a greater return to domestic air travel. A successful strategic plan to protect passengers and aviation workers should include a discussion of appropriate health screening measures, a recognition of global standards, clearly defined roles and responsibilities for all stakeholders, a communications strategy, and flexibility once passenger volumes increase.

Airport Infrastructure Improvements

Even prior to the COVID-19 pandemic, airports faced significant funding challenges, with nearly $130 billion in backlogged infrastructure needs over a five-year horizon – more than $25 billion per year and far greater than the traditional amount of funding they receive from federal grants and local airport user fees each year. These needs include the reconstruction and rehabilitation of aging infrastructure and building new sustainable and resilient airport facilities to reduce airport carbon footprints, all projects that will create high-paying jobs for American workers.

The pandemic has only increased these funding needs, creating new health and safety demands while undermining airports' ability to generate necessary revenue. These circumstances require a fundamental reset of the infrastructure funding options available to airports.

Airports need an immediate influx of federal funds to help keep their critical infrastructure operations going, as well as a modernized local airport user fee to give airports the flexibility they need to implement all of the necessary and expensive improvements at their facilities. As this global pandemic has made clear, we must ensure that airport infrastructure is adequate to meet passenger demands today and be forward thinking in the years to come.

Infrastructure projects at U.S. airports are funded primarily with a mix of federal grants through the FAA's Airport Improvement Program (AIP), a local airport user fee called the Passenger Facility Charge (PFC), and airport-generated revenue from tenant rents and fees. Airports often turn to private capital markets to debt-finance their multimillion-dollar projects, using both PFC-revenue and airport-generated revenue to repay the bonds. Total outstanding debt for U.S. commercial airports stands at roughly $100 billion, and approximately $7 billion in airport bond principal and interest payments are due each year.

Traditionally, AIP grants – which prioritize safety improvements – have been used on airfield projects, while PFC user fees – with greater funding flexibility – have gone towards terminal, ground-access, and major runway projects. Both are essentially reimbursement programs used to pay for past or existing projects. In the case of PFCs, airports often have committed this revenue-stream for years or decades into the future to repay past projects, meaning they have no new money coming into the system to fund future projects. Although federal law requires airports to be self-sustaining, it also artificially distorts and constrains the very funding mechanisms designed to ensure market competition and airport-infrastructure growth, as the federal cap on the PFC has been in place since 2000.

America's airports are grateful for your past support for modernizing the PFC local user fee so airports across the country can make the long-term investments they need to improve their infrastructure without raising taxes or adding to the federal debt. Modestly adjusting the anti-competitive federal cap on local PFCs would allow airports to take control of their own investment decisions and become more financially self-sufficient. Airports could build the appropriate facilities – terminals, gates, baggage systems, security checkpoints, roadways, and runways – to meet their own community's travel demands, health standards, and customer expectations. They also could move forward with needed sustainability measures, such as increasing the energy efficiency of their terminals, reducing their waste, and providing infrastructure for electric and hydrogen-fuel cell vehicles. We also strongly recommend increased funding for AIP grants and temporary flexibility within AIP to help airports meet their individual needs during the restart and recovery period.

In addition to the new funding options outlined above, U.S. airports seek new federal financing programs to help maintain ongoing development projects and begin work on new ones. While not a replacement for a long-overdue adjustment to the federal cap on the PFC local user fee that would bring new revenue into the aviation system, expanding the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to include PFC-eligible airport development projects and reinstating advance refunding of bonds would help airports make integral improvements during the current economic downturn.

Thank you for your attention to these pressing issues for U.S. airports. It is essential that we work towards implementing all of these measures as quickly as possible to restore public confidence in air travel and get the American economy moving again. Please let me know how ACI-NA and our member airports can be of assistance to you and your team.

Sincerely,

Kevin M. Burke

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