



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 30

Agenda Date: May 2, 2024

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Passenger Facility Charge Application for the San Antonio International Airport

SUMMARY:

Resolution supporting and approving the submission of an application to the Federal Aviation Administration (FAA) to allow the Terminal A Ground Load Facility Project to use Passenger Facility Charges (PFC) funds at San Antonio International Airport. This application will also continue the PFC collection when the current applications expire on February 28, 2029. The City is approved for PFC collection and use in the amount of \$431,280,175 for the design and construction/rehabilitation of Terminal A and various runway and taxiway improvement projects.

This application will allow the Aviation Department to use the current \$32,644,920 available in the PFC Fund for design and construction costs for the Terminal A Ground Load Facility project and allow future collections to be utilized for this project.

BACKGROUND INFORMATION:

The FAA PFC Program allows the commercial airports to collect up to \$4.50 for every eligible passenger through a PFC, which the San Antonio International Airport received approval from the City Council in January 2001. The PFC collection can only be utilized for capital improvement

projects approved by the FAA that enhance safety, security, and capacity; reduce noise; and increase air carrier competition. Since 2001, PFC funding has been used to fund projects including: rehabilitations to Terminal A; construction of Terminal B and its elevated roadway system; installation of a noise monitoring system; upgrade to the central utility plant; and the construction of an extension to Runway 31 (then Runway 21) and extension of Taxiway R. The last application was approved by City Council in March 2007 which increased the PFC rate from \$3.00 to \$4.50 and requested the use of PFC funds for five projects. These, and other projects approved in previous applications, are complete and the current PFC fund has \$32 million available.

The Strategic Development Plan, approved by City Council in 2021, provides for a phased terminal/concourse development as well as airfield improvements and other critical projects to keep pace with future growth; many of which qualify for the use of PFCs as a funding source. The Terminal A Ground Load Facility is an eligible project and it is needed to meet the current and future commercial passenger demand for both domestic and international passengers. The current number of gates at SAT is 26 which accommodated over 10 million passengers in 2023. The Strategic Development Plan forecasts that the airport will need to accommodate approximately 10.8 passengers in 2025. The project will include three new ground gates that allow for five simultaneous, narrow-body aircraft operations with flexible, common use gates that can accommodate both domestic and international operations. The facility will connect to Terminal A in the vicinity of existing Gate A1 and provides two stories that may allow for additional hold room seating, restrooms, concession, and/or other passenger amenity uses at the Concourse Level. The addition of the three new ground gates, providing a total of 29 gates, will allow the airport to serve these passengers at an optimum level of service based on industry standards, or roughly 186,000 enplanements per gate.

In February 2023, the FAA awarded the project a \$20 million federal grant through the Bipartisan Infrastructure Law. PFC funds are allowed by the FAA to be used as part of the City's match.

ISSUE:

Resolution supporting and approving the submission of an application to the Federal Aviation Administration (FAA) to allow the Terminal A Ground Load Facility Project to use Passenger Facility Charges (PFC) funds at San Antonio International Airport. This application will also continue the PFC collection when the current applications expire on February 28, 2029. The City is approved for PFC collection and use in the amount of \$431,280,175 for the design and construction/rehabilitation of Terminal A and various runway and taxiway improvement projects.

This application will allow the Aviation Department to use the current \$32,644,920 available in the PFC Fund for design and construction costs for the Terminal A Ground Load Facility project and allow future collections to be utilized for this project.

ALTERNATIVES:

City Council could direct the City not to submit this PFC Application to the FAA for approval which would result in the City losing its opportunity to utilize PFCs as a funding source for the Terminal A Ground Load Facility. The City would then require additional financial support to come from the City or its airline partners, potentially increasing the cost per enplaned passenger for airlines doing business with the City and decreasing our competitive edge with other major airports in the area. This action does not change the amount of PFC but allows the Terminal A Ground Load Facility to be among the projects to utilize the PFC funding collected.

FISCAL IMPACT:

The Resolution supports and approves the submission of an application to the Federal Aviation Administration (FAA) to allow the Terminal A Ground Load Facility Project to use Passenger Facility Charges (PFC) funds at San Antonio International Airport. This application will also continue the PFC collection when the current applications expire on February 28, 2029.

This application will allow the Aviation Department to use the current \$32,644,920 available in the PFC Fund for design and construction costs for the Terminal A Ground Load Facility project and allow future collections to be utilized for this project. This application will also allow the City to continue the collection of PFCs when the current applications expire beginning in March 2029.

RECOMMENDATION:

Staff recommends City Council support the resolution to approve the submittal of a Passenger Facility Charges application to the Federal Aviation Administration at the San Antonio International Airport.