Airports & Coronavirus: Weathering the Storm

ready for every journey

NEXTOR-III: Airports
Matt Cornelius
Executive Vice President
Airports Council International – North America
August 18, 2020
About ACI-NA

The Airports Council International – North America (ACI-NA) represents local, regional and state governing bodies that own and operate commercial airports in the United States and Canada. Approximately 450 aviation-related businesses are also members of ACI-NA, providing goods and services to airports.

ACI-NA’s members enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America.

The mission of ACI-NA is to advocate policies and provide services that strengthen the ability of commercial airports to serve their passengers, customers and communities.

ACI-NA is one of the five worldwide regions of Airports Council International (ACI).
Percent Change in TSA Screening YOY
States Reporting the Most COVID-19 Cases are Among the Ones Suffering the Biggest Loss in Air Service

Seat Capacity Percent Change (January – July 2020 vs. 2019)

- NY: -48%
- NJ: -46%
- VT: -43%
- MA: -43%
- CA: -41%
- GA: -41%
- MN: -40%
- OR: -39%
- VA: -39%
- IL: -38%

Source: Dilo Mi and WorldMeters.com.
Large Hubs Reported the Biggest Capacity Loss Year to July 2020

Scheduled Seats Percent Change (January to July 2020 vs. 2019)

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>2%</td>
<td>5%</td>
<td>-2%</td>
<td>-59%</td>
<td>-78%</td>
<td>-71%</td>
<td>-54%</td>
</tr>
<tr>
<td>M</td>
<td>3%</td>
<td>6%</td>
<td>1%</td>
<td>-43%</td>
<td>-73%</td>
<td>-63%</td>
<td>-47%</td>
</tr>
<tr>
<td>S</td>
<td>4%</td>
<td>8%</td>
<td>4%</td>
<td>-43%</td>
<td>-69%</td>
<td>-63%</td>
<td>-46%</td>
</tr>
<tr>
<td>N</td>
<td>9%</td>
<td>14%</td>
<td>5%</td>
<td>-40%</td>
<td>-62%</td>
<td>-64%</td>
<td>-46%</td>
</tr>
</tbody>
</table>

Source: Diio Mi and WorldMeters.com.
Forecast U.S. Airport Traffic and Revenue Loss

ACI-NA Traffic Forecast

- 2020: -45%
- 2021: -18%
- 2020: -168.1M
- 2021: -419.3M

ACI-NA Revenue Forecast

- 2020: -24%
- 2021: -31%
- 2020: -$16.2B
- 2021: -$7.0B

Source: ACI-NA, last updated 7/31/2020
Note: Percent decrease compared with business as usual for 2020 and 2021 Without COVID
CARES Act Grants Only Last 4 or 5 Months

Number of Months

- Max
- Min
- Median

Large Hubs:
- Max: 7
- Min: 2
- Median: 4

Medium Hubs:
- Max: 11
- Min: 2
- Median: 4

Small Hubs:
- Max: 27
- Min: 2
- Median: 5

Note: Number of airports included: 26 large hubs, 25 medium hubs, and 67 small hubs

Source: FAA and ACI-NA calculations
U.S. Airports Have Tremendous Debt Burden

Total Debt Outstanding

- 2010: 81.3 B
- 2012: 83.6 B
- 2014: 86.3 B
- 2016: 88.2 B
- 2018: 99.5 B

2.6% CAGR

Total Annual Debt Service

- 2012: 5.6 B
- 2014: 5.8 B
- 2016: 7.4 B
- 2018: 7.5 B
- 2020: 7.7 B

4% CAGR

2020 debt service payments would have exhausted 77% of CARES ACT grants.

Source: FAA CATS and ACI-NA calculation.
For an additional amount for “Grants-In-Aid for Airports”, $10,000,000,000, to prevent, prepare for, and respond to coronavirus, to remain available until expended: Provided, That amounts made available under this heading in this Act shall be derived from the general fund of the Treasury: Provided further, That funds provided under this heading in this Act shall only be available to sponsors of airports defined in section 47102 of title 49, United States Code: Provided further, That funds provided under this heading in this Act shall not otherwise be subject to the requirements of chapter 471 of such title: Provided further, That funds provided under this heading in this Act may not be used for any purpose not directly related

CARES Act

- $10B for Airports in CARES Act
  - FY20 AIP 100% Federal Aid
  - Grants
  - Workforce Provisions
- Seen as a “bridge”
- Program mechanics
- Pandemic impacts worse than expected
Airport Industry Recovery Advisory Panel

- **Principles:**
  - Helping to minimize spread of COVID-19
  - Promoting confidence in air travel
  - Ensuring consistency
  - Streamlining the recovery of air travel

- **52 Areas of Focus and Recommendations**
  - Broken into immediate, medium and long-term timelines
  - In addition to official ACI-NA position on facial coverings and passenger health screenings
Airport Industry Recovery Advisory Panel

- **Key Immediate Recommendations:**
  - More relief money for airports
  - Ensure resources for CBP and TSA staffing
  - Reduction in customer touchpoints and increase in contactless technologies
  - Various facility modifications
  - Cohesive marketing designed to boost confidence in air travel
Campaign Framework: Key Messages

MESSAGE AREA 1
Passengers should expect an enhanced passenger experience that promotes health and safety.

MESSAGE AREA 2
Airports are fulfilling our commitment to protecting passengers and airport workers from the spread of COVID-19.

MESSAGE AREA 3
Airports are working with their airline partners to restore and expand air service to local communities.

MESSAGE AREA 4
Airports are economic engines for local communities that are entering recovery.
Health is priority

Ensuring the health and safety of the traveling public and airport workers is always an airport’s top priority. Airports are responding to changing needs and are ready for your next journey.

Arrive at Airport
- Drive a few lanes down before entering airport premises, wear a face covering, practice social distancing, look up, down and around for baggage claim or taxi or bus for hotel or company car

Ticketing
- Use the mobile check-in, in some cases, a physical check-in will still be available, check with airline on new procedures and go through

Security Checkpoint
- Line locations may have changed, and new procedures need to allow for physical distancing, wearing face masks, and temperature checks. Avoid hand contact at security, use hand sanitizer if personnel check with you, use CB&K on new procedures
Key Research Findings: Airport Trust

- Passengers trust airports to take the necessary precautions to protect health and safety.
- Passengers overwhelmingly feel comforted by the sight of airport workers wearing personal protective equipment like masks and gloves.
- Passengers want airports to follow the same public health guidelines regardless of local requirements.
## Airport Industry Recovery Advisory Panel

### Medium-Term Considerations
- Financial guidance for budget cuts
- Queueing
- Insurance issues
- Business continuity management

### Long-Term Considerations
- Biometrics
- PFCs
- Climate change
- Data sharing & interoperability
- Health screenings
- Enterprise risk management
Airports & Coronavirus: Weathering the Storm

NEXTOR-III: Airports
Matt Cornelius
Executive Vice President
Airports Council International – North America
August 18, 2020

ready for every journey