



MEMORANDUM

TO: Mayor and City Council

CC: Spencer Cronk, City Manager
Gina Fiandaca, Assistant City Manager

FROM: Jacqueline Yaft, Chief Executive Officer, Department of Aviation

DATE: July 13, 2021

SUBJECT: Airport Expansion and Development Program Update at Austin-Bergstrom International Airport

The purpose of this memo is to update you on the status of the Airport Expansion and Development Program (AEDP) at Austin-Bergstrom International Airport (AUS) and some of the impacts of the AEDP on current AUS operations.

Airport Expansion and Development Plan

Today the Department of Aviation (Aviation) issued a press release announcing the launch of the AEDP. As AUS continues to experience a rebound in passenger activity levels, the AEDP will be scalable to meet a range of forecasted growth profiles and provides a foundation for long-range growth and development.

The indicative rendering of the AEDP Elements is shown on the attachment and include:

- Optimization of the Barbara Jordan Terminal
- Enabling airfield and utility work to include building a new Central Utility Plant and removing existing structures to prepare for construction activities
- Preparing for a new Midfield Concourse with 10+ new gates and two new taxiways

Based on the advice of independent consultants, the AEDP has been developed and will be implemented to reflect what is in the best interest of the City, the Austin community, the greater Central Texas region, and the airlines to pursue a more operationally modern and cost-efficient facility for all airlines and tenants that will keep pace with the region's growing aviation demand.

The phased approach for the AEDP is designed to support this incremental growth of aviation demand, with a goal to minimize any passenger inconvenience during the construction process. As with any construction program, there will be required changes to facilities and operations AUS as the AEDP is implemented.

Impact to the South Terminal Facility

The new Midfield Concourse B facility will require the relocation of the existing midfield taxiways. Based on the advice of independent consultants, Aviation has determined that the safest, most operationally efficient, and most cost-effective alignment of the future taxiways will require the closure and removal of the South Terminal within approximately the next two years. It is imperative that the South Terminal Facility be removed in a timely manner so that the development of the Midfield Concourse B can be completed in a timeframe to match the forecasted growth of the airlines at AUS.

The South Terminal operations are currently managed by an outside entity, Highstar Capital IV, LP/LoneStar Airport Holdings, LLC. Aviation intends to work with Highstar during a stated transition period to negotiate a fair and amicable result that will allow the City to regain control of the South Terminal facility. The next step in that process is today's issuance of a letter to Highstar notifying them of the City's intent to acquire the South Terminal leasehold interest. Aviation staff intends to brief Council offices about this process in the weeks ahead.

Aviation is committed to conducting this process with full consideration for operating airlines, tenants, employees, and passengers, to wit:

1. All airlines operating from the South Terminal will not experience service interruption and will be accommodated at the Barbara Jordan Terminal.
2. Aviation will coordinate with LoneStar (the operator of the South Terminal) to work directly with the businesses operating at the South Terminal regarding potential opportunities for all employees, service providers, concessionaires, and vendors to mobilize at the Barbara Jordan Terminal or elsewhere at AUS upon closure of the South Terminal, if possible.

Ultra-Low-Cost-Carrier (ULCC) Service

The ULCCs currently operating at the South Terminal specialize in providing affordable service, which is essential to the businesses and population of the greater Central Texas region and ensures healthy competition in the airline market. With the investments of the AEDP, these ULCCs have the potential to increase their capacity and operations at the Barbara Jordan Terminal and future Midfield Concourse B, further ensuring competitive airfares while providing more connections to the region. At the same time, the passengers and employees of the Legacy and Low-Cost Carriers currently at the Barbara Jordan Terminal will not experience a decrease in the service, amenities, and benefits that they have come to expect.

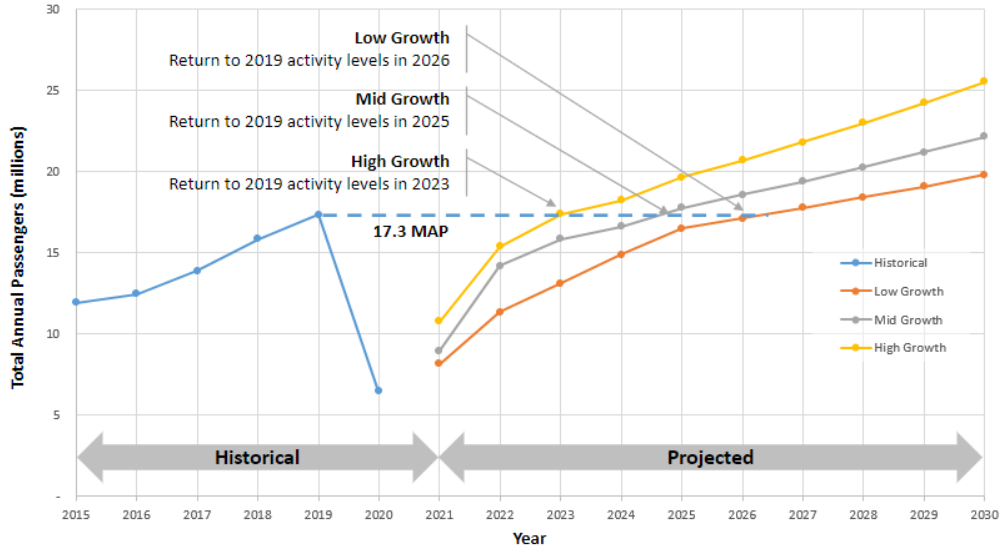
Summary

The long-term plan for AUS is a win for all customers and stakeholders and will ensure the airport is able to keep pace with rising demand for many years to come.

Should you have any questions or need additional information, please do not hesitate to contact me. Thank you for supporting Austin-Bergstrom International Airport.

Airport Expansion and Development Program – Indicative Program Elements





Source: City of Austin Department of Aviation

Growth Profile Summary

High Growth follows an industry projected growth profile

Mid Growth follows Business/International passenger return 20% slower than Domestic/Leisure

Low Growth follows a standard planning profile – Rebound starts in 2021-Q3 through 2022-Q2