



NOTICE OF
OPPORTUNITY FOR PUBLIC COMMENT RELATED TO
PASSENGER FACILITY CHARGES

February 7, 2024

The City of Houston, Texas is providing an opportunity for public comment until March 8, 2024 related to our proposed new Impose and Use Passenger Facility Charge (PFC) Application #3 for the William P. Hobby Airport (HOU). This written notice is provided in accordance with requirements contained in Federal Aviation Regulation 49 CFR Part 158.24 Passenger Facility Charge.

Notice contents. The notice required by §158.24(a) includes:

- (i) A description of the project(s) the public agency is considering for funding by PFCs;
Pages 2-5 of this notice contain the description of each of the three projects included in this application. The three projects are:
03-001 - Baggage Handling Systems (BHS) Expansion and Rehabilitation
03-002 - PFC Administrative Formulation Costs
03-003 - PFC On-Going Administrative Costs
- (ii) A brief justification for each project the public agency is considering for funding by PFCs;
Pages 2-5 of this notice contain the brief justification of each of the three projects included in this application.
- (iii) The PFC level for each project;
The PFC level for each project included in this application is \$4.50 per eligible enplaned passenger.
- (iv) The estimated total PFC revenue the public agency will use for each project;
Pages 2-5 of this notice contain the estimated total PFC revenue the City will use for each of the three projects included in this application.
- (v) The proposed charge effective date for the application or notice of intent;
The City anticipates collection to begin when the previous application is fully collected currently estimated to be September 1, 2038.
- (vi) The estimated charge expiration date for the application or notice of intent;
The PFC charge expiration date for the three projects described is estimated to be January 1, 2042.



(vii) The estimated total PFC revenue the public agency will collect for the application or notice of intent; and

The total amount of revenue to be collected under this application is \$79,424,803.

(viii) The name of, and contact information for, the person within the public agency to whom comments should be sent.

Comments or a request for more detailed project descriptions should be sent to Clint Stephen, Chief Financial Officer, Houston Airport System, 16930 JFK Boulevard, Houston, TX 77032 or emailed to clint.stephen@houstontx.gov.

PROJECT 03-001 – Baggage Handling Systems (BHS) Expansion and Rehabilitation

Item (i) Description:

This PFC project includes the expansion and rehabilitation of the Airport's Baggage Handling Systems and is a component of a larger West Concourse Expansion and BHS Project. It consists of demolishing significant portions of the existing systems, procuring new equipment and conveyance systems, and the installation thereof. The project includes modifications to the outbound and inbound baggage handling equipment and conveyances. It does not include building modifications nor the Checked Baggage Inspection System (CBIS) equipment.

The existing Outbound BHS (OBHS) consists of approximately 4,220 linear feet of conveyors, including conveyance from the CBIS to the Checked Baggage Resolution Area (CBRA), and four (4) baggage make-up carousels. The existing CBIS and CBRA facility is located on Level 1 of the Central Concourse building and generally centered between existing make-up devices with limited room for additional capacity.

The new OBHS will replace the approximately 25-year-old conveyance systems and baggage make-up carousels with six (6) new carousels along with the addition of a new mainline conveyor from ticketing areas. The new mainline is a result of the addition of seven (7) new gates in the West Concourse. A new CBIS / CBRA building will be constructed resulting in the need for new conveyances from the mainline conveyors to the CBIS / CBRA building and back to the carousels. The new OBHS will include approximately 8,300 linear feet of conveyances.



The existing Inbound BHS (IBHS) consists of approximately 870 linear feet of conveyors consisting primarily of four (4) flat plate bag claim devices fed by direct induction. The existing devices require recirculation through the Secure Identification Display Area (SIDA) opening. Inbound bags are delivered to the claim devices by a bag cart drive lane south of the bag claim hall. The tug route is one-way, circulating counterclockwise. The tunnel is entered from the south and tugs travel north and then turn west where they select an available bag claim device. After all bags have been delivered, the tugs continue west and south and exit the tunnel on the west side of the bridge connector to the central terminal. Traffic flow is restricted in the bag drop areas due to limited passing / turning clearances and bag claim devices cannot be pre-assigned due to tug route and bag drop limitations.

The new IBHS will provide six (6) induction points to service six (6) flat plate baggage claim devices. The induction points will be pre-assigned and separated from each other as far as the inbound area will allow. The length of new conveyances from induction point to, and including, new claim devices will be approximately 2,300 linear feet. The claim devices will be located completely in the public area eliminating the recirculation through the SIDA openings. The conveyor configuration will improve tug movement by creating space for a continuous bypass lane for tugs.

The design for this project was funded by local Airport Funds.

Item (ii) Brief Justification:

The Baggage Handling System (BHS) expansion and rehabilitation project is necessary to substantially increase the outbound and inbound baggage throughput demanded by the growth in passenger traffic at the Airport. Enplanements at HOU have increased in the past ten years since 2014 and have rebounded from the pandemic years of 2020-2021. The following table shows actual enplanements from 2014 – 2022 and estimated enplanements to 2030. The year 2030 shows an increase of 54.3% in enplanements since 2014.



Calendar Year	Enplanements	Year over Year % Growth	% Change from 2014
2014	5,800,726	-	-
2015	5,937,990	2.4%	2.4%
2016	6,285,181	5.8%	8.4%
2017	6,538,976	4.0%	12.7%
2018	7,053,866	7.9%	21.6%
2019	7,069,614	0.2%	21.9%
2020	3,120,178	(55.9)%	(46.2)%
2021	5,535,651	77.4%	(4.6)%
2022	6,642,948	20.0%	14.5%
2023*	7,095,845	6.8%	22.3%
2025*	7,844,794	5.2% CAGR	35.2%
2030*	8,951,508	2.7% CAGR	54.3%

* From FAA Terminal Area Forecast (TAF) 2/2023

Item (iv) The estimated total PFC revenue the public agency will use for this project:
The estimated total capital cost of this project is estimated to be \$150,690,708 with funding anticipated follows:

PFC Funds – Pay-Go	\$79,199,803
Other/Local Funds	71,490,905
Total Estimated Capital Costs	<u>\$150,690,708</u>
 Total PFCs Requested	 <u>\$79,199,803</u>

PROJECT 03-002 – PFC Administrative Formulation Costs

Item (i) Description:

PFC general formation costs included in this project are the eligible necessary expenditures to prepare the new PFC application.

Item (ii) Brief Justification:

The activities to develop this proper and complete application satisfies the regulatory requirements of the Department of Transportation and the FAA.



Item (iv) The estimated total PFC revenue the public agency will use for this project:

PFC Funds – Pay-Go	\$125,000
Other/Local Funds	-0-
Total PFCs Requested	<u>\$125,000</u>

PROJECT 03-003 – PFC On-Going Administrative Costs

Item (i) Description:

PFC costs included in this project are the eligible ongoing administrative costs, amendments, and closeout for this PFC application.

Item (ii) Brief Justification:

On-going Administrative costs associated with the approved projects will satisfy the requirements of reporting activity to regulators and auditors.

Item (iv) The estimated total PFC revenue the public agency will use for this project:

PFC Funds – Pay-Go	\$100,000
Other/Local Funds	-0-
Total PFCs Requested	<u>\$100,000</u>

SUMMARY OF HOU PFC APPLICATION #3

Project 1 PFC Funds – Pay-Go	\$79,199,803
Project 2 PFC Funds – Pay-Go	125,000
Project 3 PFC Funds – Pay-Go	100,000
Other/Local Funds	71,490,905
Total Estimated Costs	<u>\$150,915,708</u>
Total PFCs Requested	<u>\$79,424,803</u>