

Houston Airport System Capital Improvement Plan FY 24-28



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Summary – Current Year CIP Submission



The HAS 5-Year CIP submission for FY24-28 calls for \$2.8 billion to expand, update and maintain the airport system. The IAH ITRP (International Terminal Redevelopment Program) has been fully appropriated. This is an increase over FY23-27 CIP of \$2.4 billion due to increased demand as economic conditions improve as the COVID-19 pandemic subsides. HAS is now requesting \$2.8 billion as the recovery remains robust and airport stakeholders are interested in the modernization and expansion of our facilities. A summary breakdown of projects within scope for FY24-28 is shown below.

George Bush Intercontinental (IAH) \$1.83B:

- Domestic Redevelopment Program - \$873M
- Skyway Train Replacement - \$350M
- IAH Airfield - \$190M
- Infrastructure and Roadways - \$165M
- Central Utility Plant Improvements - \$110M
- Parking - \$49M

William P. Hobby (HOU) \$0.76B:

- West Concourse Expansion - \$449M
- HOU Airfield - \$207M
- Infrastructure and Roadways - \$44M

Other \$0.19B:

- Taxiway Lima (Phase 1 & 2) - \$66M
- EFD Spaceport Road Construction - \$13M
- HAS Phase 3 Admin Building & HPD Relocation - \$28M

IAH

Domestic Redevelopment Program



IAH Domestic Redevelopment Program Budget - \$873M Projected Completion – 2029

- ➔ Modernization of Terminal A, including restroom renovation, roof and passenger boarding bridge replacements, utility, fire protection system, technology and other upgrades
- ➔ Addition of 10 new gates in Terminal A

Skyway Train Replacement



Skyway Train Replacement Budget - \$350M Projected Completion – 2027

- Full fleet replacement
- Automatic Train Control
- Retrofit/refurbish facility assets

Central Utility Plant Upgrades



Central Utility Plant (CUP) Upgrades Budget - \$110M Projected Completion – 2025

- Replace CUP assets reaching end of life
- Replace various pumps, transformers, switchgear, motor control centers, cooling towers, air handling units, chillers, boilers, controls and other physical building structural components
- Additional capacity upgrades required for Terminal A, B and D expansion

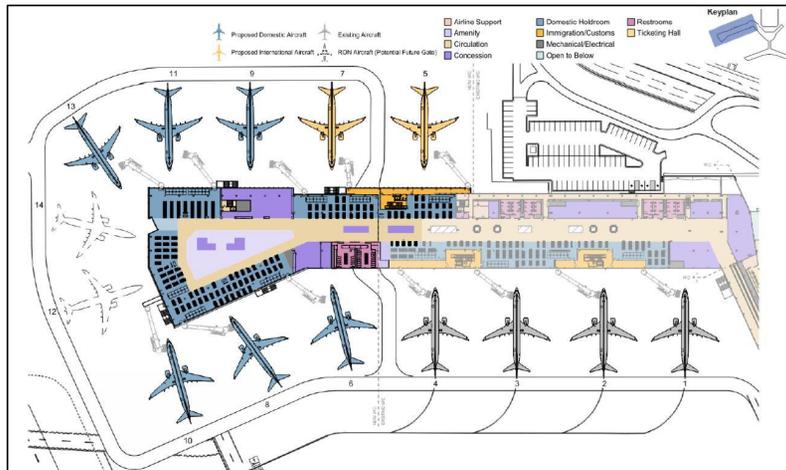
HOU

West Concourse Expansion



HOU West Concourse Expansion
Budget - \$449M
Projected Completion – 2027

→ 7-gate expansion of HOU's West Concourse to support projected growth in passenger traffic



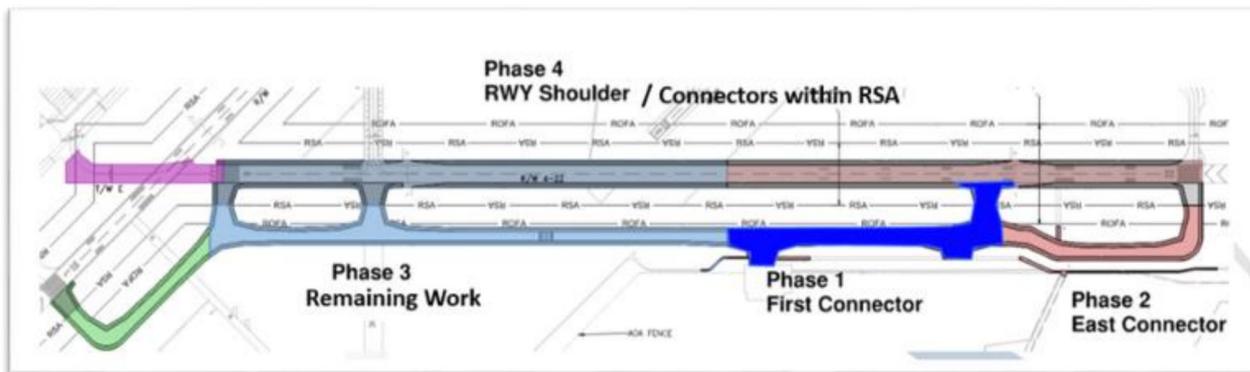
- 6 preferential-use gates to Southwest
- 1 common-use international gate which can be assigned by HAS to any carrier
- Baggage claim expansion and upgrades
- Sewer system replacement

Latest concept subject to change during design process

Taxiway Lima



Taxiway Lima Construction Phases



Phases	Projected Completion	Estimated Project Cost (\$millions)
Phase 1	2024	43
Phase 2	2025	23
Phase 3 & 4	2028+	TBD

EFD Taxiway Lima Budget - \$66M (Phase 1&2) Projected Completion – 2026

- Provides spaceport access to the EFD airfield
- Catalyst for further spaceport expansion, providing necessary infrastructure for the manufacture and assembly of parts to be delivered to outer space
- Fulfills existing commitment to finalize completion of taxiway
- Project to be constructed in phases in coordination with the needs of Spaceport occupants

CIP Energy Efficiency and Sustainability



Airport Carbon Accreditation

- Commenced Airport Council International Accreditation process
- Level 1 carbon footprint evaluation is underway

Energy Generation and Storage

- Approx. 1 MW installation complete on the Red Garage at HOU
- Sustainable power/PV solar farm RFI to be released next week

Energy Efficiency

- LED lighting and lighting control retrofit upgrades are under investigation in conjunction with airfield taxiway and runway work – potential federal funding
- Established new design standards that are 20% more efficient than current energy code

Recycling & Water Conservation

- New container standards for recycling. Updating recycling plans and programs for facilities.
- Updated airport design standard to use ultra low flow plumbing fixtures.
- Increase use of native and adaptive plants for landscaping to limit irrigation.

Construction Material Recycling

- Re-use of concrete from on-site demolitions (IAH D/E Garage at ICP site demolition used for taxiway rehabilitation projects)

Electric Vehicles

- HAS Fleet EV charger installation for 25 F150 Lightning EV's underway
- IAH Rental car facility
 - Hertz has installed high voltage EV chargers and currently renting Tesla EVs
 - Hertz's competitors are quickly following suit and currently installing additional high voltage EV charging capacity in order to rent EVs.





Appendix

FY24-28 Capital Improvement Plan



(\$ thousands)	FY24	FY25	FY26	FY27	FY28	FY24-28
Domestic Redevelopment Program	82,500	100,000	323,120	300,000	67,000	872,620
Skyway Replacement	250,000	100,000				350,000
Central Utility Plant Upgrades	110,000					110,000
Airfield	39,771	18,698	81,159	49,105	1,200	189,933
Infrastructure and Roadways	31,375	32,559	49,500	34,000	17,500	164,934
Parking	7,800	20,000	20,000	1,000		48,800
Other	67,624	23,730				91,354
Total IAH	\$589,070	\$294,987	\$473,779	\$384,105	\$85,700	\$1,827,641

HOU

FY24-28 Capital Improvement Plan



(\$ thousands)	FY24	FY25	FY26	FY27	FY28	FY24-28
West Concourse Expansion	100,000	189,600	159,600			449,200
Airfield	58,557	73,500	65,400	9,000	180	206,637
Infrastructure and Roadways	1,750	18,793	10,565	12,945		44,053
Other	48,258	5,050	1,500			54,808
Total HOU	\$208,565	\$286,943	\$237,065	\$21,945	\$180	\$754,698

EFD



FY24-28 Capital Improvement Plan



(\$ thousands)	FY24	FY25	FY26	FY27	FY28	FY24-28
Taxiway Lima	43,000	21,000			2,000	66,000
Additional Airfield	5,086	2,000			4,000	11,086
Spaceport Road		13,000				13,000
Infrastructure and Roadways	1,900	600	800	6,100		9,400
Total EFD	\$49,986	\$36,600	\$800	\$6,100	\$6,000	\$99,486

(\$ thousands)	FY24	FY25	FY26	FY27	FY28	FY24-28
Phase 3 Admin Building	2,000	25,500				27,500
Other	18,349	27,231	9,694	2,000	2,000	59,274
Total HAS Admin	\$20,349	\$52,731	\$9,694	\$2,000	\$2,000	\$86,774

5-YEAR CIP Funding Sources



Funding Source (\$ thousands)	FY24	FY25	FY26	FY27	FY28	FY24 - FY28
Airport Improvement Fund	242,676	217,179	190,873	83,750	26,350	760,828
Bonds	459,982	302,620	308,242	156,761	38,860	1,266,465
Grants	163,312	148,062	199,423	153,639	18,670	683,106
PFC Pay-Go	2,000	3,400	22,800	20,000	10,000	58,200
Total	\$867,970	\$671,261	\$721,338	\$414,150	\$93,880	\$2,768,599

HAS Long-Term Outlook



(\$'s in thousands)	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Gross Revenues	\$329,110	\$488,807	\$555,375	\$591,441	\$621,724	\$654,614	\$689,793	\$727,438
O&M Expense *	\$251,830	\$255,377	\$323,292	\$354,228	\$369,756	\$386,395	\$401,851	\$417,925
Net Revenues	\$77,280	\$233,430	\$232,083	\$237,213	\$251,968	\$268,218	\$287,942	\$309,513
Gross Debt Service Requirement	\$145,349	\$163,503	\$225,852	\$228,274	\$243,644	\$262,778	\$280,308	\$319,196
PFC Offset	\$56,365	\$59,819	\$69,745	\$68,237	\$73,670	\$78,763	\$83,826	\$96,729
Grants Available for Debt Service	\$88,984	\$103,684	\$50,000	\$46,000	--	--	--	--
Net Debt Service Requirement	--	--	\$106,107	\$113,637	\$169,944	\$184,015	\$196,482	\$222,467
DSCR	N/M	N/M	2.19x	2.09x	1.48x	1.46x	1.47x	1.39x

*O&M Expense based on definition within Master Bond Ordinance, as required for calculation of the annual Debt Service Coverage Ratio.

HAS Ratings and Credit Strengths¹



Extremely strong enterprise risk profile with stable outlook

- Monopoly position, managing both commercial service airports in the combined statistical area
- Economically strong air service market area with strong population growth
- Geographic location that supports hub operations

	Fitch	Moody's	S&P	Kroll
Subordinate Lien	A+	A1	A	AA-

¹Rating as of June 30, 2022. On September 29, 2022, Fitch Ratings, Inc upgraded its long-term unenhanced rating to "A+" from "A" on the Airport's Subordinate Lien Bonds"



QUESTIONS?

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