ST. LOUIS LAMBERT INTERNATIONAL AIRPORT

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I would like to take this opportunity to thank Chairman Blunt, Ranking Member Cantwell, and members of the Aviation Subcommittee for this opportunity to appear before you today to outline the pressing infrastructure and financial needs of not only St. Louis Lambert, but of all of our nation's airports. In my testimony today, I hope to highlight how we can meet those needs without affecting the Federal budget or incurring more debt.

Earlier this month, Airports Council International – North America released its latest study outlining $100 Billion in infrastructure needs facing our nation's airports between 2017 and 2021, and highlighting a significant funding shortfall to meet the demand. These unmet funding needs must be addressed if airports are to remain the economic engines they have always been. St. Louis Lambert, for example, has an estimated $4 billion and growing economic impact on the Missouri and Southern Illinois economies. The United States takes the risk of slipping further in the international rankings of expenditures on infrastructure from our present embarrassing position of 10th in the world according to the 2016 World Bank rankings. An earlier study by the World Economic Forum placed us at 23rd in the world. Recently the American Society of Civil Engineers gave U.S. infrastructure a "D" rating.

The ACI-NA study points out several key findings that are worth noting. Large hub airports, handling 72.6 % of all enplanements, represent $60.4 billion of total infrastructure needs over the next 5 years and reported a 50% increase in needed projects from 2015. Medium hubs such as St. Louis Lambert, handle 15.4% of all enplanements, account for $11.7 billion in infrastructure needs over that same period. Small hubs handle 8.4% of all enplanements and account for $8.5 billion in infrastructure needs. The $20 billion overall average annual airport infrastructure needs far surpass the available funding from airport generated net income, current PFC revenues, and AIP grant funds. I make these points to stress that whether the Senators on this Committee or any member of the Senate, represent small, medial or large airports, you will all hear from your local airport officials about the dire shortfall in funding identified in the study.

The good news is that the economy is recovering and demand on our facilities is rapidly growing. The bad news is that Federal AIP funds are limited and restrictions on other revenue raising tools such as the Passenger Facility Charge, which has been capped at $4.50 since 2000, are tying our hands.

Congress can dramatically improve our resources deficit and promote the self-sufficiency of U.S. airports with no new federal investment by increasing or outright eliminating the statutory PFC cap.   Since the cap was last increased, PFCs have lost approximately 50% of their purchasing power. An increase or removal of the cap would restore PFCs lost purchasing power while also allowing local officials to meet local needs with no impact on the federal budget.

Locally generated user fees are the most logical way to deal with our infrastructure requirements, coupled with existing AIP funds, airport-generated revenue, and, as necessary, long-term financing. I mention long-term financing because many of us are concerned with proposals, being discussed on Capitol Hill to eliminate an important financing tool relied by airports: tax free Municipal Bonds. Considering the infrastructure needs airports and cities alike are facing, the last thing we need is the loss of tax free Municipal Bonds, which in many cases are the funding mechanism of last resort.   In addition, I should mention that due to competition for funds, some vitally needed airport projects are never approved because they rank lower on the overall list of eligible AIP items and the funding is simply not enough to go around and therefore can only be done with PFCs, airport revenues, or long-term financing. Finally, I would remind the Committee that every PFC application must undergo the same scrutiny by the FAA as an AIP grant. The DOT Inspector General will tell you that the PFC program has a stellar record since it was enacted in 1990 in meeting all FAA requirements. I would remind Senators representing smaller airports that they would stand to benefit since airports enacting a higher PFC would forego their annual enplanement formula funds thereby providing more funds for the FAA to distribute to smaller airports.

Just last year, several well-respected, conservative organizations such as the Competitive Enterprise Institute, the Tax Foundation and the center for Freedom and Prosperity have all endorsed removing the cap or increasing the PFC and make two of many important pro PFC observations:

1. PFC's are invested directly into airports, and unlike a tax, it never goes back to Washington. It is a local option user fee with local officials deciding, with FAA oversight, the best way to invest and the funds go directly into the local economy.

2. Many airlines willingly charge additional fees for bags, preferred seats, itinerary changes, etc., yet they balk at allowing airports to increase fees to improve our airports, which benefits their customers.

To elaborate further on the proposal to increase the PFC, and for your benefit Senator Blunt, Lambert would benefit particularly with an increase in the PFC cap. At present, the majority of our PFC revenue is devoted to reducing the 554 million in debt that we incurred in constructing our vitally needed parallel runway.   An increase in the PFC cap could not only be used to fund projects that have been deferred due to a lack of funding, but would provide a substantial opportunity to pay down existing debt sooner. Reducing our current debt is extremely important as we try to grow back the connecting traffic that we lost in recent years. Therefore, while we, St. Louis Lambert, have no looming need to build new runways or more gates, we still face infrastructure replacement needs that have been deferred far too long because of our significant debt.

In closing, I would also like to note that we have never once defaulted on our debt payments! Never once! I, along with many other Airport Directors, have been incredible stewards of the facilities we manage. As airport leaders, we are not just ensuring the safety of our passengers and employees. Out of necessity to survive and yes, even thrive, we have become experts in financial transactions, in customer service trends, in development, in community relations, in public speaking, in complying with ever-growing federal regulations and a host of other things. On a daily basis, we wear more hats than most professions wear in a lifetime. We do not complain and find ways to get things done. I hope for doing all of that, we have earned your respect! I hope you realize we are not whiners, beggars, or a group that looks for the easy road. That is not who we are. Now is the time to listen to our concerns. We cannot pull more tricks out of the hat. The challenges are simply too big. We need this PFC increase as it truly is the only option left.

Thank you for your time today.