



August 4, 2021

Ms. Sarah Conner  
Program Manager, ASW-650  
Texas Airports District Office  
Federal Aviation Administration  
10101 Hillwood Parkway  
Fort Worth, Texas 76177

Re: Planning Forecast—Proposed Interim COVID Adjustment Approach  
San Antonio International Airport Master Plan  
Airport Improvement Program (AIP) Grant No: 3-48-0192-93-2019/100-2020

Dear Ms. Conner,

The City of San Antonio's (CoSA) Aviation Department is currently in the process of completing its Airport Master Plan (Master Plan) for the San Antonio International Airport (SAT or the Airport). The forecast for the Master Plan was approved during Phase I of the study in October 2018. Since then, the aviation industry has seen a dramatic reduction in activity and limited growth, due to the COVID-19 global pandemic, with a partial recovery to 2019 activity.

As discussed on June 29, 2021, the purpose of this letter is to provide the FAA with the proposed path forward for adjusting the approved planning forecast while we complete the remainder of our Master Plan. While the Master Plan's focus is on planning activity levels rather than activity years, the planning forecast also guides the timing for certain demand-driven projects and will be used to develop the financial projections in the plan's financial feasibility analysis. After the Master Plan is complete, we anticipate as recovery continues and we have a better understanding of aviation demand changes due to the COVID-19 pandemic, a completely new planning forecast will be prepared for FAA approval. This could be done in support of a benefit-cost analysis or a NEPA document preceding elements of our proposed development plan. However, until then, we need to consider the effects of the COVID-19 pandemic to date. Therefore, we are proposing an interim adjustment to our FAA-approved Master Plan forecast.

## **BASIS FOR PROPOSED INTERIM FORECAST COVID-19 PANDEMIC ADJUSTMENT**

As we considered how to address a change to the forecast, we evaluated the following factors, that are discussed in more detail below:

- Status of the Master Plan
- Global and National Aviation Recovery
- SAT's Recovery

### ***Master Plan Status***

The current Master Plan schedule was delayed due to COVID and now has a substantially complete date of November 2021. At that time, the Master Plan will be presented to the CoSA City Council for acceptance/adoption. Also, just prior to that presentation, the plan will be rolled out to the study committees, the CoSA Mayor's Airport System Development Committee (ASDC), and the community. Community engagement will include several pop-up public events, as well as a community meeting to present the plan to the public.

The Master Plan is likely to incur a delay as we continue to discuss our preferred airfield alternative with the FAA. Depending on the outcome of those discussions, activities during the next few months of the project include the development of the final implementation plan, financial feasibility analysis, and the airport layout plan and associated safety risk panel, as well as the Master Plan documentation.

### ***Global Aviation COVID-19 Pandemic Recovery***

It is still too early to determine when global aviation activity will fully recover from the impact of the slow-down in aviation activity due to the impact of COVID-19. Some aviation sources, including numerous airlines are currently bullish about recovery, estimating that as soon as 2023 the global aviation industry could reach 2019 levels. Others such as Boeing, are less optimistic with recovery to 2019 activity levels occurring in 2025 or later.

According to the International Air Transport Association's (IATA) most recent traffic statistics from April 2021, estimated North American available seat kilometers (ASKs-an indicator of system capacity) are approximately 30% less compared to 2019; while revenue passenger kilometers (RPKs-an indicator of system demand) are approximately 42% less during the same time period. These statistics compare to global decreases in ASKs and RPKs of 47% and 57%, respectively. Therefore, while the capacity of North American Market has decreased less than that of the global aviation market, the decrease in demand is slightly higher.

Thus far, the key driver of the aviation industry's recovery from the pandemic has been leisure travel. A recent article from McKinsey and Company entitled "Back to the Future? Airline Sector Poised for Change Post-COVID-19" dated April 2, 2021<sup>1</sup> indicates global aviation traffic will not likely recover from the effects of the pandemic until sometime in 2024. The same article indicates that leisure trips have and will continue to fuel the recovery post-pandemic. This is similar to what was experienced when the aviation industry recovered from both the impacts of the events of 9/11 and the Great Recession.

The idea that leisure travel will be the driving force behind aviation traffic recovery is supported by credit rating agency representatives who predict "low-cost, leisure-oriented airlines are likely to recover faster than network airlines that rely more heavily on business and international travelers". Further, a Study conducted by Ideaworks looked at the impacts of the pandemic on business travel and the study concludes

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<sup>1</sup> <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/back-to-the-future-airline-sector-poised-for-change-post-covid-19#>

“between 19% and 36% of airlines’ business traffic base will not return to the skies”. In addition, the CEO of United Airlines indicated in March 2021, the leisure market for the airline was back to nearly 100% of 2019 levels.

While it is predicted that recovery in the business market will be slower than leisure, what is less certain in the industry is the recovery of the long-haul international market. It could take until 2025 before this segment of the market recovers. This is especially true for markets in Europe, the Middle East and Asia more so than the markets in Latin and South America. While during the pandemic many European countries restricted travel from the U.S., travel to Mexico by air was unrestricted. It is expected the U.S. to Europe market will begin to gain strength in Summer 2021 as more vaccination program rollouts continue.

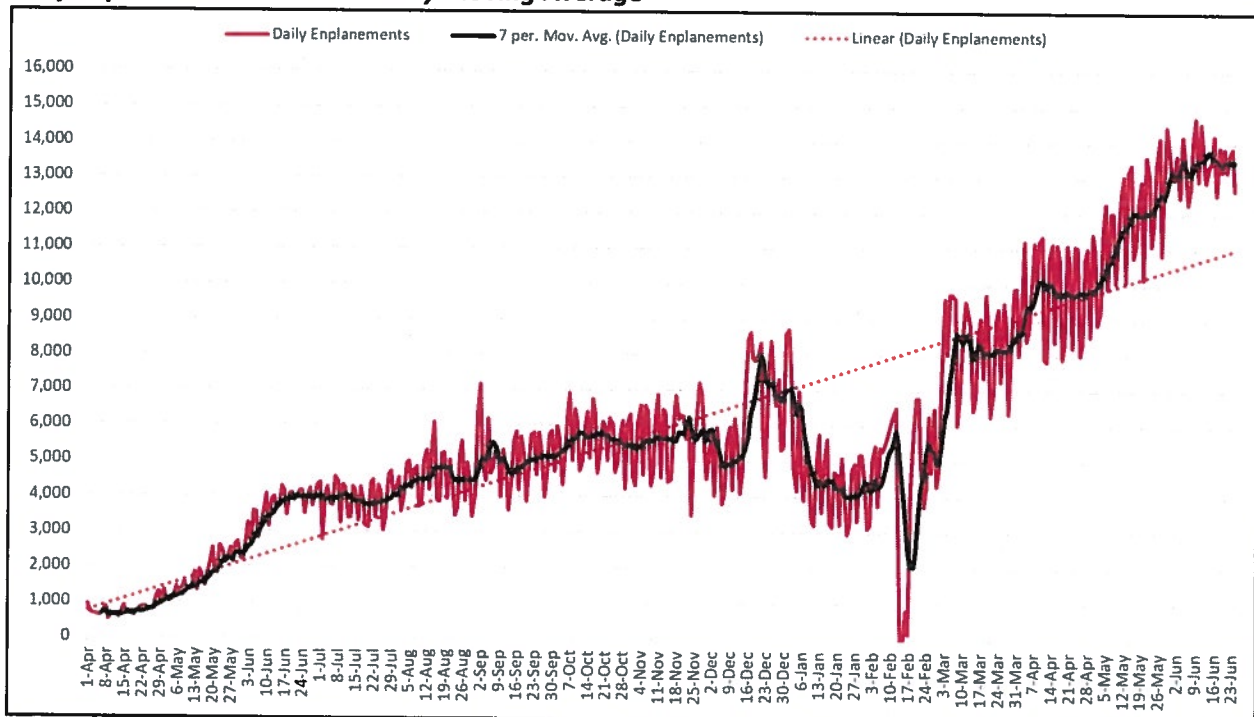
### **SAT’s Recovery**

SAAS has monitored actual activity at SAT since the beginning of the COVID-19 pandemic in the U.S. in March 2020 to determine how traffic trends at SAT are tracking with the U.S., as well as to measure against SAT activity in 2019. Several factors influenced the methodology proposed for the adjustment of the approved Master Plan aviation demand forecast:

- Passenger activity since March 2020
- Comparison of SAT’s recovery with the nation and medium hub airports in the U.S.

SAAS has been monitoring passenger traffic weekly using TSA passenger statistics since late March 2020. As shown in the graph below, the seven-day moving average for enplanements has been trending upward since June 2020 and has been above the daily enplanement trendline, with the exception of a short period in early December 2020 and from January 2021 to March 2021, which is the airport’s typically slowest period during the year and also included a closure at SAT due to weather in February.

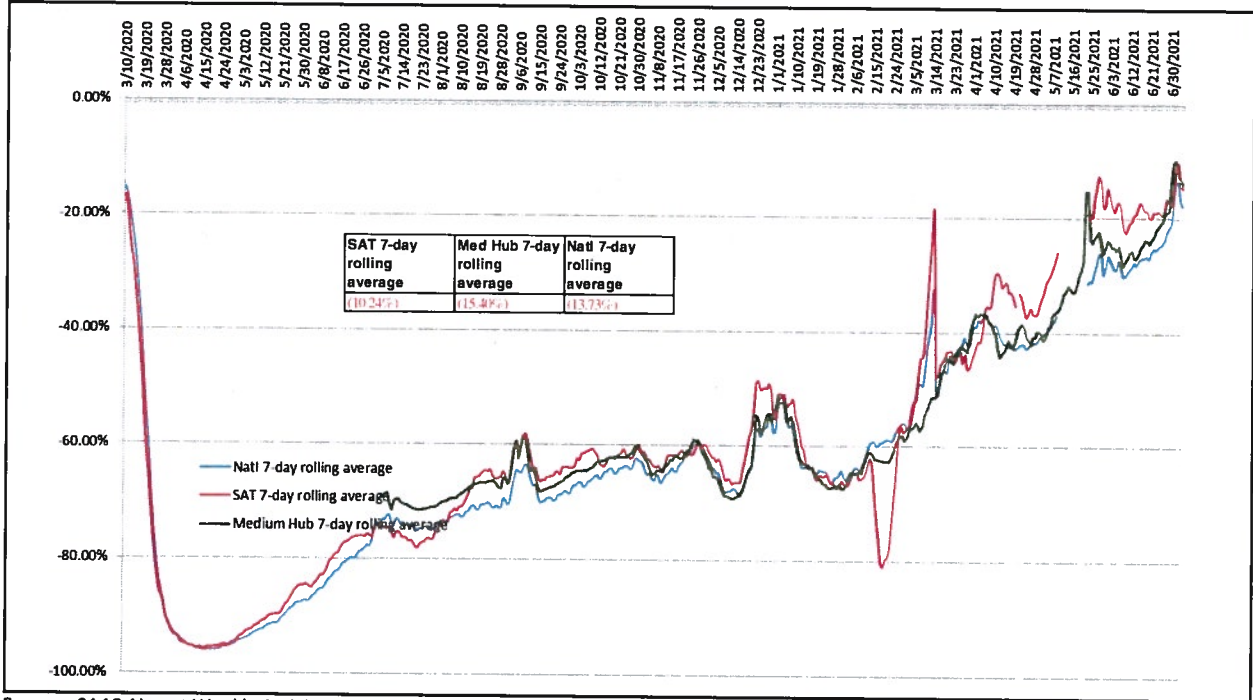
### **Daily Enplanements and Seven-Day Moving Average**



Source: SAAS Airport Weekly Activity Report, week of June 20th through June 26th, 2021

SAT's enplanement activity recovery compared to the nation and other medium hub airports also provides a positive outlook. Since March 2020, SAT's passenger activity has shown lower decreases than that of its medium-hub counterparts and the nation. For the week ending June 26, 2021, SAT was down approximately 10% from 2019 levels, while medium hub airports and the nation were down approximately 15% and 14%, respectively.

**Enplanement Decrease Comparison (2019 to current)**



Source: SAAS Airport Weekly Activity Report, week of June 20th through June 26th, 2021

The two largest carriers at SAT, American Airlines and Southwest Airlines are expanding their networks in Summer 2021. American Airlines recently announced the introduction of over 150 new routes and expects to fly approximately 90% of its domestic seat capacity compared to Summer 2019. Southwest Airlines has announced numerous new flights and markets focusing on the leisure traveler to destinations like Myrtle Beach, SC; Bozeman, MT and routes to Tampa, FL. This bodes well for SAT, as these carriers are allowing for additional connection opportunities for the San Antonio traveler even though no new markets have direct flights at SAT. Other positive influences for SAT activity include JetBlue Airways' recent announcement for the initiation of service at SAT beginning in October 2021, which will include daily service to Boston Logan and John F. Kennedy International Airports.

Two recent trends are also expected to make travel projections more reliable through the end of 2021. While bookings have remained steady for the airlines, the number of cancellations is decreasing, despite the lack of cancellation fees. The average lead time for bookings is increasing, indicating passengers are more confident about future travel.

**PROPOSED MASTER PLAN FORECAST ADJUSTMENT METHODOLOGY**

For the Master Plan, three COVID-19 response options were considered:

- **Make no adjustment/continue using the 2018-approved Master Plan forecast.** We dismissed this approach as it ignores the impacts of COVID-19 on activity levels, as well as on permanent fleet changes

that have been announced after the forecast was approved<sup>2</sup>. While the long-term outlook may not be that different from the current forecast, the short- and medium- term activity levels will likely differ significantly from the approved forecast. Therefore, we believe that some adjustment should be considered.

- **Prepare an all-new forecast for FAA review and approval.** This approach would require additional project effort and funding and would delay completion of the Master Plan, which was already delayed by approximately one year due to the COVID-19 pandemic. Additionally, the understanding of COVID-19-related impacts on future travel are still unfolding and FAA has issued guidance to limit forecasting efforts until there is more certainty of the aviation market. Therefore, a new Master Plan forecast could still require an update in the next several years, when SAAS seeks other required approvals, such as an Environmental assessment (EA) or benefit-cost analysis (BCA). As a result, we also felt this was not the best approach.
- **Prepare a limited, interim adjustment for the Master Plan, and develop a new forecast when we are closer to seeking other approvals (i.e., an EA or a BCA) to proceed with specific projects.** This appears to be the most prudent approach and is what we are proposing.

To evaluate the appropriate interim adjustment, our consultants compared a proposed interim enplanement forecast to the approved enplanement forecast and the enplanement forecast SAAS has been produced early in the COVID-19 pandemic. These are described below and compared in the following table.

- **Approved Master Plan Forecast:** Forecast approved in October 2018.
- **SAAS Forecast developed in April 2020:** Early in the pandemic, SAAS prepared a monthly activity forecast based on parameters developed by Airports Council International-North America (ACI-NA). It applied varying growth rates for near term recovery, regaining FY 2019 activity by FY 2024.
- **Updated SAAS Forecast with actual annual totals for FY 2019 and FY 2020:** This update includes actual activity through May 2021 and then applies monthly enplanement growth rate assumptions from the April 2020 forecast until FY 2019 activity is reached by December 2021.
- **Interim Adjustment Forecast:** This was prepared by our consultants and reflects that SAT's recovery has consistently outpaced the U.S. and other medium hub airports. This scenario projects that SAT will reach Fiscal Year (FY) 2019 levels in FY 2022.

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<sup>2</sup> Note what these permanent fleet changes are and generally how they affect the forecast.

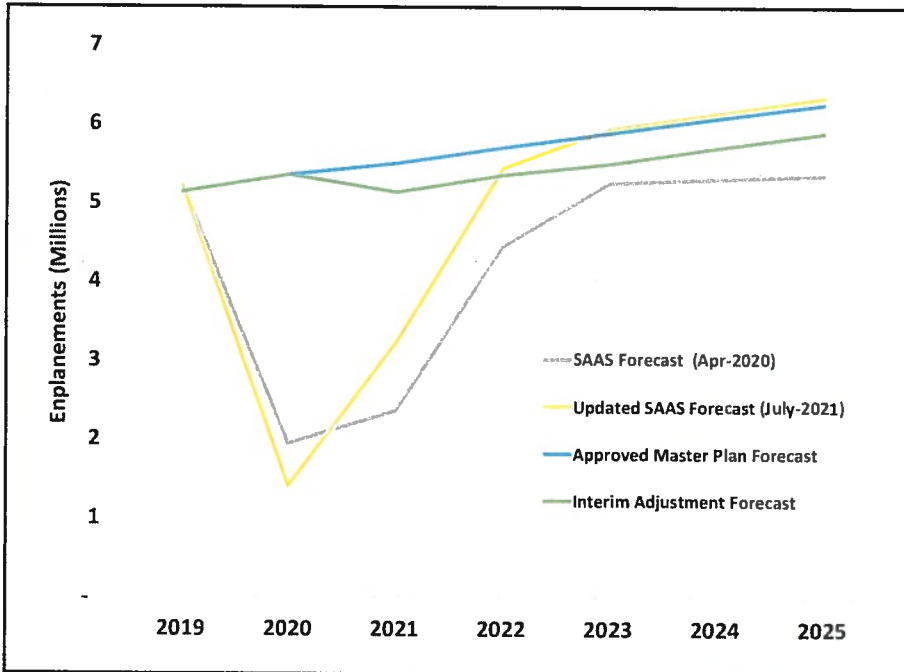
### SAT Enplanement Forecast Comparison

Fiscal Year	Actual	SAAS Forecast (Apr-2020)	Updated SAAS Forecast (July-2021) *	Approved Master Plan Forecast	Interim Adjustment Forecast
2019	5,209,039	5,209,039	5,209,039	5,132,533	5,132,533
2020	1,404,485	1,961,203	1,404,485	5,349,157	5,349,157
2021		2,365,393	3,228,824	5,495,520	5,132,533
2022		4,439,293	5,441,633	5,700,398	5,349,157
2023		5,237,468	5,942,200	5,890,784	5,495,520
2024		5,289,843	6,138,292	6,070,987	5,700,398
2025		5,342,741	6,340,856	6,251,630	5,890,784

Sources: SAAS and WSP Analysis; Compiled by WSP.

\* Updated SAAS Forecast includes actual activity through May 2021 and then applies the monthly enplanement growth rate assumptions from SAAS Forecast until enplanements reach the annual 2019 level in 2023. At that point, the long-term growth rate from the Approved Master Plan Forecast (2%) was applied.

### SAT Forecast Comparison



Sources: SAAS and WSP Analysis; Compiled by WSP.

Given the positive outlook expected for the Summer 2021, it is likely that actual enplanements for FY 2021 will be higher than projected in the Updated SAAS Forecast, meaning enplanements will catch up with the FY 2019 levels faster than FY 2023 as shown in the table and chart above.

As a result of this positive outlook, SAAS proposes to make an interim forecast adjustment or shift - of enplanement activity by two years. The interim forecast will be used to determine the timing of certain demand-driven projects and to develop financial projections for the Master Plan. This would result in the Master Plan Forecast FY 2022 forecast being used for FY 2024. This is similar to the FAA-approved approach used in the development of the future conditions map for the ongoing Noise Exposure Map (NEM) update.

If this approach is reasonable, our consultants will also update the future aircraft fleet mix and commercial passenger operations forecast. As part of the NEM work, adjustments to the fleet mix were made to account for permanent aircraft retirements and these will be used in this interim planning forecast adjustment.

## **CONCLUSION**

We considered three different approaches to the development of an adjustment to the Master Plan forecast as we conclude the study. We believe that a two-year forecast shift, combined with the aircraft fleet mix update completed as part of the NEM update, is the most prudent interim approach to reflecting the impacts of the global COVID-19 pandemic for near-term adjustments for long-term planning purposes. In the next several years, we expect to prepare a new forecast for FAA acceptance as part of seeking nearer-term approvals, such as environmental documentation or a BCA.

We request your concurrence with our proposed interim forecast adjustment approach for the remainder of our master plan.

Thank you for this consideration. Our project team will be happy to talk with you further to answer any questions you may have on our reasoning or approach.

Sincerely,

A handwritten signature in blue ink, appearing to read "J.H. Saenz Jr.", is positioned above the typed name.

Jesus H. Saenz, Jr., IAP  
Director of Airports  
San Antonio Airport System

cc: Jesse Carriger, Michael Branum, Jessica Bryan – FAA  
Tom Bartlett, David Robbins, Debbie Drew, Susan St. Cyr, Ryan Hall – SAT