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Will Pittsburgh International plan justify $1.1 billion cost?

By Colin McNickle

There are myriad economic unknowns that raise serious questions about the efficacy of spending $1.1 billion to reconfigure Pittsburgh International Airport, say scholars at the Allegheny Institute for Public Policy.

“Reconfiguring the entire terminal complex to deal primarily with the transportation system’s issues could well be an overreach,” say Frank Gamrat, a senior research associate at the Pittsburgh think tank, and Jake Haulk, the institute’s president (*in Policy Brief Vol. 17, No. 40*).

The Allegheny County Airport Authority last month announced an ambitious plan to reinvent the Findlay Township complex, ostensibly to right-size it to comport with current market realities. Built nearly 30 years ago to US Airways’ hub specifications at a cost in excess of $1 billion, those realities have rendered the facility obsolete, officials argue.

To that end, airport officials plan to build a new landside terminal connected to the existing airside terminal. In the process, the old landside terminal would either be repurposed or demolished.

The tram connecting the terminals would be eliminated, as would be the people-mover, escalators and elevators, all said to be near the end of their useful lives. A new parking garage also would be built, along with ancillary infrastructure.

Airport Authority officials say the $1.1 billion moves – using no local taxes, they insist -- will save about $23 million annually. While one aviation consultant questioned the rationale of such an equation, the Allegheny Institute’s Gamrat and Haulk say there are a number of other potential hurdles.

To wit, there are many variables in some of the proposed funding sources, such as from gambling proceeds and shale gas royalties. For various reasons, political and economic, they might not be sufficient or stable, the think tank scholars say.

There also will be needed maintenance on the existing airside terminal, plus other costs. “Will revenues from operations and fees keep pace?” Gamrat and Haulk ask. “Where are the costs and revenue forecasts?”

Neither does tapping the passenger facility charge, or PFC, appear to fit the Federal Aviation Administration’s criteria for doing so. After all, the researchers say, reducing Pittsburgh International’s capacity from 30 million to 18 million passengers a year “is not enhancing capacity.”

Neither, they say, does it do much "to enhance national transportation security, reduce noise or furnish opportunity for enhanced competition," all part and parcel to using PFC funds.

But those are not the only concerns. Passenger numbers have been relatively flat over the past eight years, now about 10 million passengers short of the reconfigured airport's projected annual passenger census, Gamrat and Haulk note.

It would take an expanding population and economy to reach the 18 million-passenger goal. But the institute's researchers remind that Greater Pittsburgh's population continues to slip, employment gains have been anemic, as has been per capita income when adjusted for inflation.

That's hardly a recipe for driving up demand for increased business or leisure air travel, Gamrat and Haulk say. And neither have public subsidies for a number of low-cost carriers done much to bolster passenger counts, they remind.

"Surely, the experience with the failure of the massive spending undertaken for the current terminal configuration to produce a self-funding facility would lead planners to be cautious about claims for huge new projects," Gamrat and Haulk say.

Reasonable sounding projections for the next 20 years of operations revenues and spending -- including maintenance and replacement costs for aging equipment and infrastructure, along with forecasts of non-operating revenue and debt service loads -- "should be an absolute must" for proceeding with Pittsburgh International's reconfiguration plan, they say.

"The region does not need another big failure to go along with the overly expensive, downsized North Shore Connector project or taxpayer-funded stadiums that have yet to deliver promised economic payoffs," Gamrat and Haulk say.

And given the state's precarious financial picture, airport officials should not count on any state bailout should funding for a reconfigured Pittsburgh International fall short, they add.

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