

**The New Transportation Security Administration:
Issues, Challenges, Opportunities**



TSA Impact - Airports

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TSA Impact - Airports

Situation Prior to 9/11

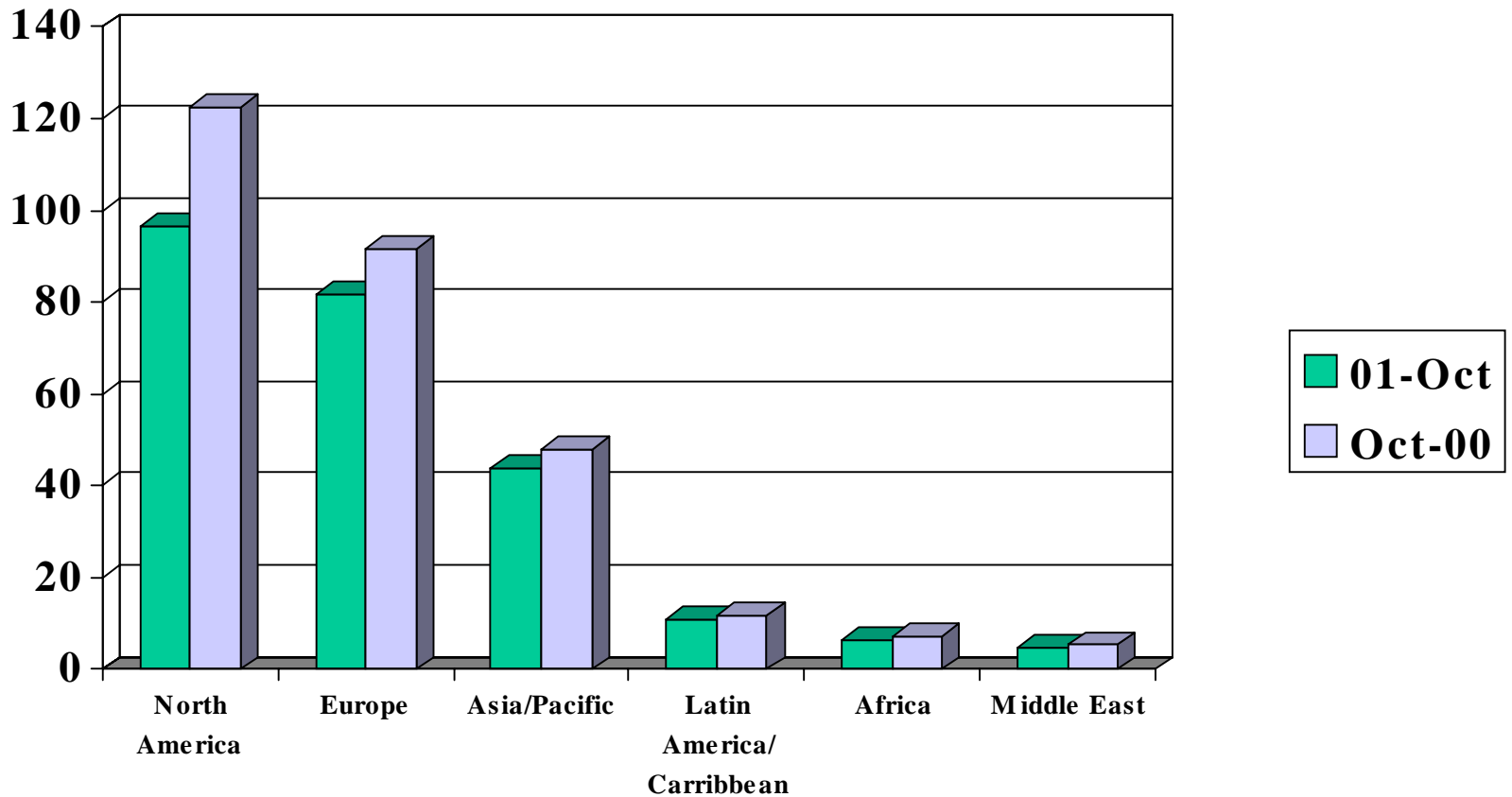
Problems Facing the Aviation Community

- **Capacity**

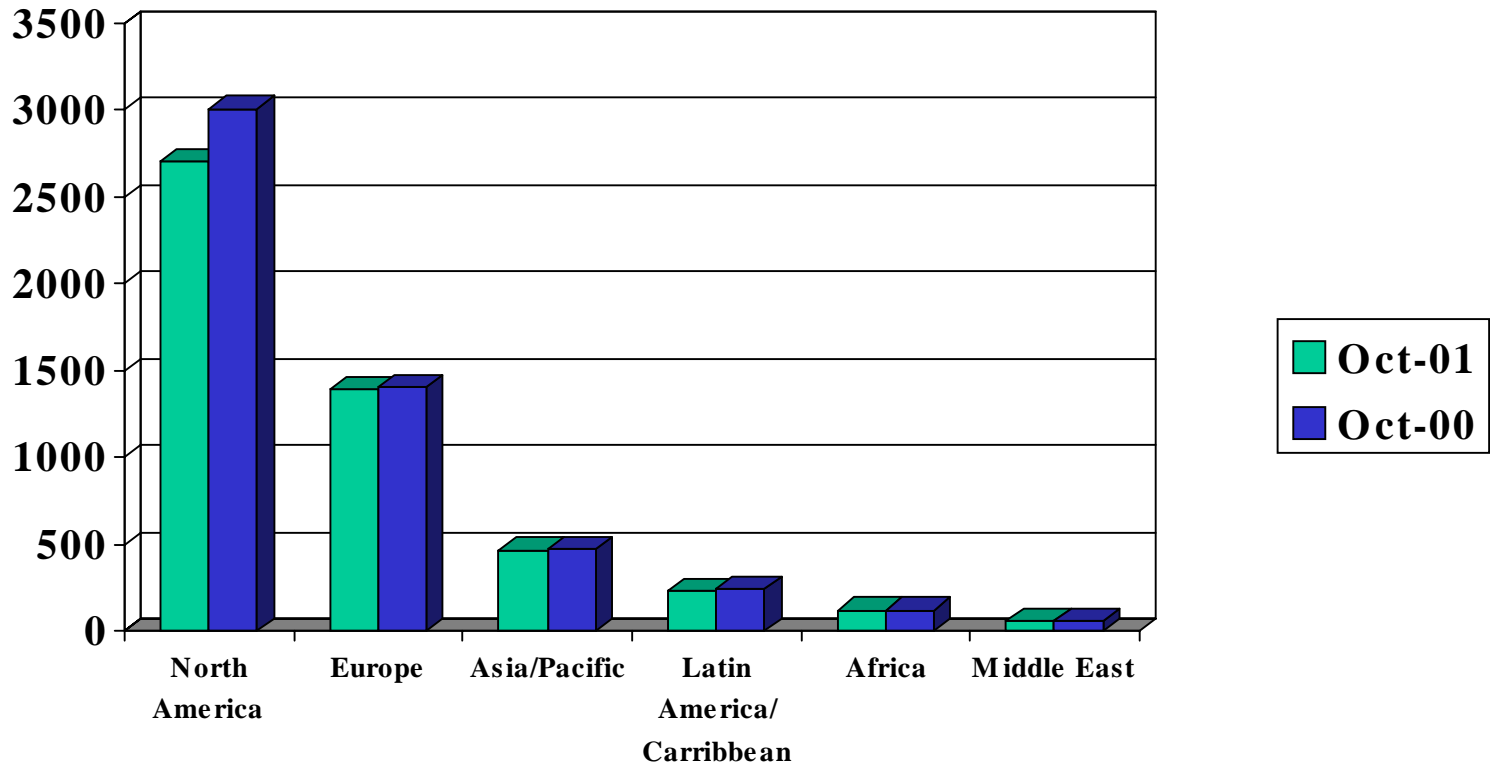
Projected Growth Rates for Passenger and Cargo

- **5 to 7 percent a year**

Total Passengers (millions)



Total Aircraft Movements (thousands)



After 9/11 - The Changed Situation

- 1) Revenue - \$2B to \$3B Less Than Previous Year**
 - Airside - fewer flights, fewer PFC's (U.S.A.)**
 - Landside - fewer people, less purchasing**
 - Parking Garages - USA airports especially hard hit**
 - Floating Rents - tied to revenues of tenants (JFK)**

After 9/11 - The Changed Situation

2) Costs

- Insurance - cancellations, skyrocketing premiums, limits, Government intervention**
- Baggage screening/explosives detection - expensive and slow**
- Continued fixed costs**
- Credit ratings and cash flow**
- Management distraction**

After 9/11 - The Changed Situation

3) Role of Airport in “New Order”

- More Involvement Needed**
- Airport Security Expertise**
- Installation of EDS**
- Delays and Existing Baggage Systems**
- Federal Security Director (FSD) - Role and Influence**
- 81 Airports First Priority**

After 9/11 - The Changed Situation

4) Infrastructure Development

- Security Issues Delay \$16B to \$20B Airport Modernization Progress**
- Redesign of Terminals - Master Planning**
- No Government Guidance - Costs to Airports**
- Additional Funding Needed**
- Taxpayers Make Up Difference in Funding?**
- Effect on Bond Ratings and Borrowing Costs**

After 9/11 - The Changed Situation

5) Technology

- Aftermath of Y2K ACI/IATA Simplifying Passenger Travel (SPT)**
- Security Benefits - Systems Integration at Airports**
- Screen People, Not Baggage - Smart Card**
- “Profiling” the Unspeakable Word**

After 9/11 - The Changed Situation

5) Technology...(continued)

- Ben Gurion Airport - High Risk Passengers**
- Security for Employees, Tenants, Service Providers, etc.**
- Security Beyond Terminal Building**
- Airports Likely to Perform These Functions with TSA.**

After 9/11 - The Changed Situation

6) Future

- Trend Is Up**
- Adding Capacity - More Passengers**
- New Security Configurations/Passenger
“Dwell” Time**
- Government Help for Airports**
- Relations with TSA Focal Point**
- Airports Need to Diversify Away From Core
Business**

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