



## **Federal Aviation Administration Accepts New Orleans Aviation Board's Preliminary Application to Privatize Louis Armstrong New Orleans International Airport**

FOR IMMEDIATE RELEASE – September 16, 2009 (New Orleans, LA) The FAA has accepted the New Orleans Aviation Board's preliminary application to privatize Louis Armstrong New Orleans International Airport.

### **The Privatization Process**

In early August 2009, the NOAB submitted its preliminary application to privatize Louis Armstrong New Orleans International Airport. As a necessary step in the privatization process, the FAA completed its 30-day review of the preliminary application on September 8 and accepted it. Once the FAA has approved a preliminary application, an airport can begin a bidding process to select a private operator to manage the airport. After the private operator is selected, the airport then prepares a final application for privatization for submittal to the FAA.

The New Orleans Aviation Board will use a two-step bidding process. First it will issue publicly a Request for Qualifications to determine a list of technically and financially qualified firms with the necessary and appropriate experience and resources to manage the Airport. Once the qualified bidders are identified, the NOAB will issue a Request for Bids. The responsible and responsive bidder with the highest and best bid will be selected and included in the final application to the FAA.

### **What Does Privatization Mean?**

Congress established the demonstration airport privatization program to explore privatization as a means of generating access to sources of private capital for airport improvement and development. An air carrier airport such as Louis Armstrong may only be leased to a private operator.

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Under the airport privatization program, the privatized airport may continue to receive FAA Airport Improvement Program entitlement and discretionary grants, collect Passenger Facility Charges and charge reasonable fees. Importantly, the airport sponsor, in this case the City of New Orleans, may use the lease proceeds for non-airport purposes. Some provision, however, must be made for continuing debt service on or retiring Airport bonds. The NOAB and the City can be exempted from an obligation to repay federal grants and return property acquired with federal assistance.

The private operator must agree to ensure continued access to the Airport on reasonable terms and provide assurance that it will operate the Airport safely, continue maintenance and improvement of the Airport, provide security, mitigate noise and environmental impacts, and abide by any collective bargaining agreements already in place at the Airport.

### **Next Steps**

In addition to the bidding process described above, now that the FAA has approved the preliminary application, the NOAB will continue discussions about privatization with the airlines including the negotiation of a new airport-airline master lease agreement that establishes certain limits on air carrier rates and charges. It will also seek public input on privatization of the Airport as well as establish a data room for use by qualified bidders. Additionally, it will draft a private operator concession agreement/lease document.

The New Orleans Aviation Board, the City Council and the Mayor must approve a concession agreement/lease with the winning bidder.

It is anticipated that the Request for Qualifications will be issued late in 2009 with a Request for Bids issued in the Spring of 2010. The final application should be presented to the FAA in the Fall of 2010.

### **Other Airports in the Airport Privatization Program**

According to the FAA, the City of Chicago is still in the program and is in the process of selecting an operator for Midway Airport, a large hub commercial service airport. The FAA anticipates that Chicago will submit a revised timetable for the selection of a private operator.

### **About the Preliminary Application**

The legislation approved by Congress allows up to five public airport sponsors to participate in this demonstration program with one being a large hub airport and at least one a general aviation airport. Louis Armstrong New Orleans International Airport is a medium hub commercial service airport.

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The NOAB application includes financial and air traffic information about the Airport, goals of the privatization, a privatization timetable, a draft Request for Qualifications, property descriptions, an opinion of legal authority to privatize and other information.

“We are pleased with the acceptance of our preliminary application,” stated Dan Packer, Chairman of the New Orleans Aviation Board. “We look forward to working through this process in the best interest of the entire region,” concluded Packer.

The link to the preliminary application that was submitted to FAA is  
<http://www.regulations.gov/search/Regs/home.html#documentDetail?R=0900006480a238d2>

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