



City of Austin

Recommendation for Action

File #: 25-0775, Agenda Item #: 2.

5/22/2025

Posting Language

Authorize negotiation and execution of a license agreement with BATX Pipeline, LLC, to govern such entity's use of approximately 2.5 miles of airport property for a 10-inch diameter underground jet fuel pipeline and appurtenant surface facilities at Austin-Bergstrom International Airport, for a term of up to 40 years. Funding: If construction commences during this Fiscal Year, this item is projected to result in approximately \$76,583 in additional revenue for the Fiscal Year 2024-2025 Aviation Department's Operating Budget.

Lead Department

Aviation

Fiscal Note

This item is projected to result in approximately \$76,583 in additional revenue for the Fiscal Year 2024-2025 Aviation Department's Operating Budget reflecting the temporary work site payment.

For More Information:

Inquiries should be directed to Tracy Thompson, Airport Chief Officer - Business & External Affairs at tracy.thompson@flyaustin.com, <<mailto:tracy.thompson@flyaustin.com>> 512-530-5023.

Council Committee, Boards and Commission Action:

To be reviewed by the Airport Advisory Commission on May 14, 2025.

Additional Backup Information:

The Department of Aviation seeks to license airport property approximately 2.5 miles long and no more than 25 feet in width (along with additional adjacent temporary construction workspace/staging areas during construction) to BATX Pipeline, LLC (BATX), for a 10-inch diameter underground jet fuel pipeline and any appurtenant surface facilities at Austin-Bergstrom International Airport, such pipeline and surface facilities to be designed, constructed, funded, financed, operated and maintained by BATX, to deliver jet fuel to the airline fuel facility currently located on Airport property. The proposed terms of the license include:

- Term: not to exceed 40 years with expiration subject to negotiation
- Commencement/Effective Date: the date on which the license agreement is signed by both parties
- Expiration: a date to be negotiated, but not to exceed 40 years after completion and commissioning of the pipeline
- Cancellation Provisions: the City may terminate the license agreement for events of default and will have the right to terminate the agreement if certain milestone deadlines/conditions precedent to pipeline construction and completion are not met by BATX or if, subsequently, the pipeline is abandoned or ceases to be used for aviation fuel delivery purposes
- Licensed Premises: portion of airport property extending approximately 2.5 miles long and no greater than 25 feet in width, plus temporary access and use rights for additional adjacent construction staging/workspace areas during construction, as needed, and approximately 7,190 square feet for purposes of connecting pipeline to fuel storage facilities at the airport.
- Rental Rate: 15% of the appraised value of the property pursuant to City Code Section 14-11-43.
- Annual Adjustment: license fee to be increased (but not decreased) annually according to increases in CPI-U.

Austin-Bergstrom International Airport (AUS) is one of the only large hub airports in the United States that still

depends entirely on fuel supplied through truck deliveries. Currently, AUS relies on more than 100 daily truck deliveries for more than 20 million gallons of Jet-A fuel per month. Under the proposed license agreement, BATX will design, construct, operate, and maintain the jet fuel pipeline and appurtenant facilities delivering jet fuel to the airline fuel facility at its sole cost. The project consists of approximately 20.32 total miles of pipeline extending from a fuel terminal in Bastrop County to the fuel facility at AUS. Most of the pipeline route will be located outside of airport property with approximately 81% located in Texas Department of Transportation (TXDOT) right-of-way along Highway 71 and another 7% located on private easements. About 12%, or 2.5 miles, of the pipeline will be located on airport property.

This project will enable the airlines to transition from 100% reliance on truck delivery for jet fuel to a jet fuel pipeline system that provides a safer and more reliable and efficient primary delivery method for fuel to the airline fuel facility. It is expected that this project will reduce traffic congestion, and provide a safer, more efficient, and reliable fuel supply to the airlines operating at the airport.