

FBO Terminal / Hangar Project

McKinney Community Development Corporation



Agenda

- History
- Performance Factors
 - Financials
 - Operations
 - Economic Development
- Project Overview
- Request



History

- City of McKinney Owned the Airport Since 1979
- November 2013 – City Purchases Vertical Assets and Fixed Base Operations
- What is Fixed Base Operations?
 - One Stop Shop for Planes
 - Sell Fuel, Storage, Concierge Services (Rental Car, Catering, Customs, etc.)
 - McKinney Air Center Established November 2013



History – Why Purchase?

- Control Development of the Airport
 - Opportunities Being Missed for Economic Development
- Economic Generator
 - Revenue from Fixed Based Operations – Self Sufficient
- Hangar Occupancy Rate was Low
 - 60% Occupied
- Differentiator for Economic Gain
 - Plano – Corporate
 - Frisco – Retail
 - Allen – Entertainment
 - McKinney – Airport

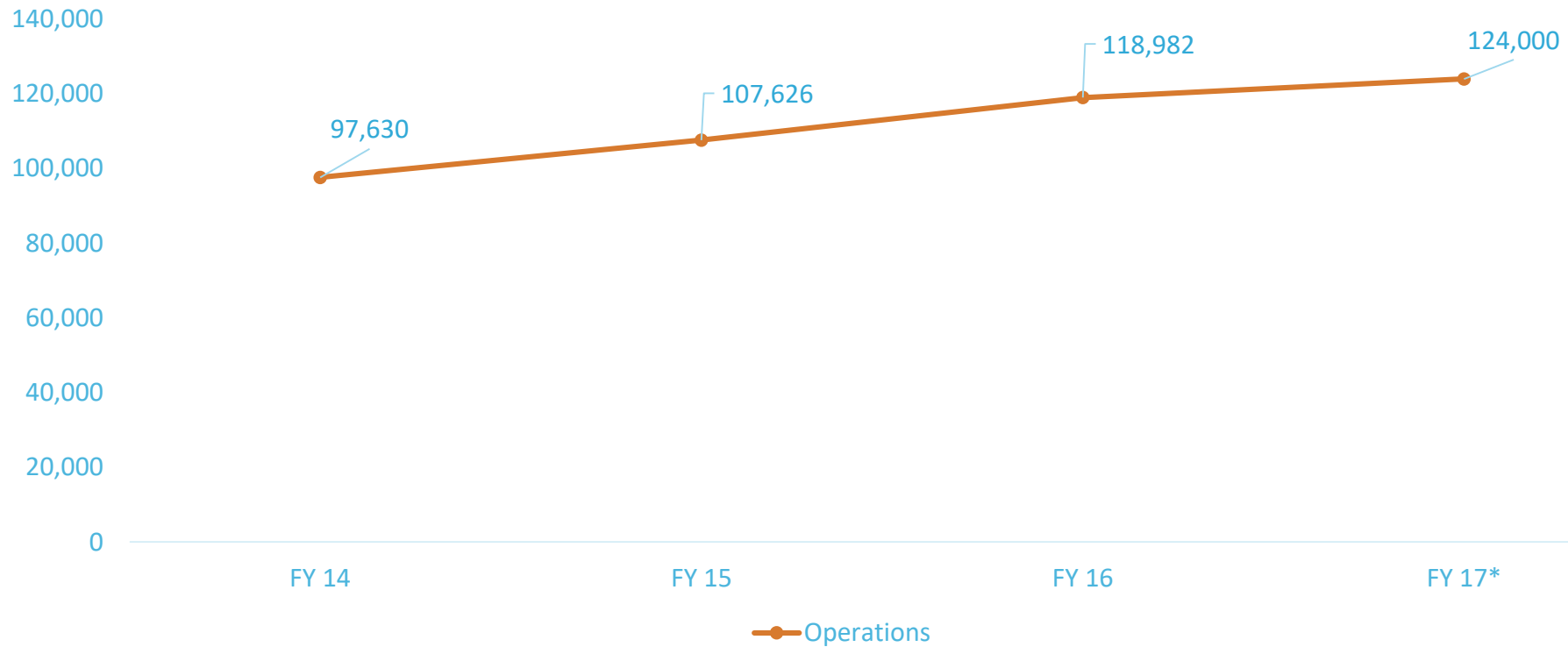


Performance – How Have We Done?

- Demand is Growing –
 - Occupancy is 100%
 - To Keep Up With Demand
 - Aircraft Parking Apron Re-Construction – Complete 2016
 - 15,000 SF Common Hangar – Complete 2016
 - 10,000 SF Common Hangar – In Design Est. Completion – 2017
 - FBO/Parking/25,000 SF Hangar – Council Direction November/December 2016
- Nationally Recognized
 - McKinney Air Center Ranked #1 in US by FlightPlan.com (2014 & 2016 & 2017)
 - Air Traffic Control Tower Ranked #1 by FlightPlan.com - (2014 & 2015)
- Becoming the Model for Local Governments
 - Several Cities are Modeling their Operation's from TKI
 - City of Dallas Now Considering Taking Over FBO at Dallas Executive



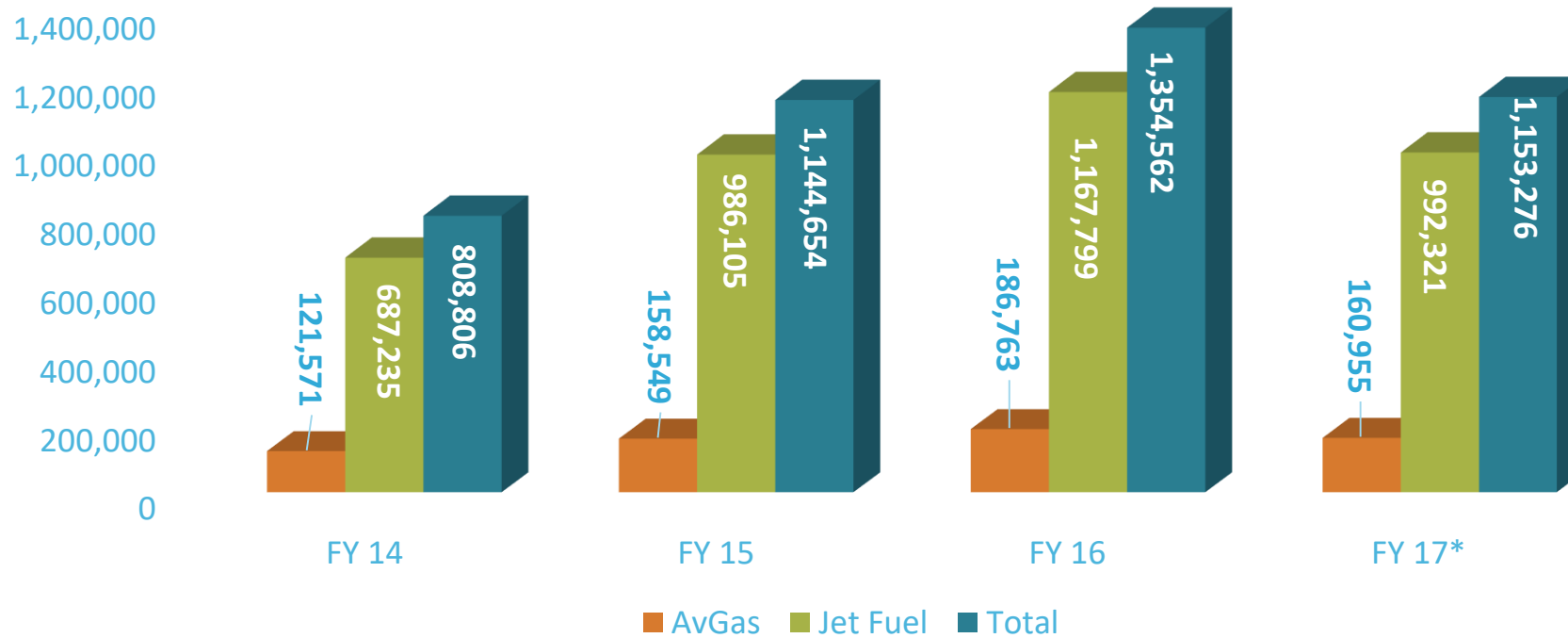
Performance - McKinney National Airport Aircraft Operations



*Projected



Performance - McKinney Air Center Fuel Gallons Sold



*As of July 31, 2017



Financial Activity of FBO & MNA - FY2014 - FY2016

	FY14 Actual	FY15 Actual	FY16 Actual
FBO Revenue Activity			
FBO Fee Revenue	\$ 2,995,205	\$ 3,760,114	\$ 4,186,860
Lease Revenue	1,333,938	1,784,461	1,985,578
FBO Expenditure Activity			
Fixed Base Operations	3,237,375	3,703,068	4,030,005
Net FBO Income	1,091,768	1,841,507	2,142,433
MNA Revenue Activity			
Non-FBO Revenue	257,918	239,849	238,221
General Fund Transfer	585,513	613,513	613,513
State Grant	94,585	67,332	54,753
Misc. Revenue	1,601	2,972	42,241
MNA Expenditure Activity			
Airfield Operations	521,144	600,485	700,643
Airport Administration	651,949	550,448	470,608
Net MNA Income	(233,476)	(227,267)	(222,523)
Debt & Risk Payment	441,278	493,646	1,370,966
Ending Net Position - MNA & FBO Total	\$ 417,014	\$ 1,120,594	\$ 548,944

Performance - Financial History

- FBO Revenues Continue to Increase
- Moving Forward to Self Sufficiency
- GF Transfer Reduced by \$200K Each of the Next 3 Years

Performance – Economic Development: Airport Major Tenants – 200+ Jobs Created

- Airflite (TMC)
 - Careflight
 - First Flight
 - ATP
 - Landash
 - Letourneau University
 - Monarch
 - Pro Health
 - West Star
 - ANR Pipeline
 - Front Burner Restaurants
 - Corporate Flight Management
 - Dallas Jet International
 - Royal Air Cargo
 - Fenton Motors
 - Club Air
 - Ag Power
 - Texas Air Shuttle
-
- Texas Instruments*
 - PHI*
 - Select Avionics*

*Tenants Prior to FBO Acquisition



Performance – Economic Development: Regular Transient Customers to TKI

- Sherman Williams
- Target
- Walmart
- Emerson
- Net Jets
- Flex Jets
- Bank of America
- Jack Henry & Associates
- Lowes
- Cabella's
- Raytheon
- Air Borne Imaging
- Honeywell
- Hewlett-Packard
- Pilot Truck Stops
- Love Truck Stops
- United American
- Liberty Mutual
- US Army
- State of Texas
- Texas Tech University
- Kansas University
- Fargo Jet Center
- Texas A&M University
- University of Texas
- Union Pacific Railroad
- Rick Hendricks Motor Sports
- Confederate Air Force
- Bass Pro Shops
- IBC Bank
- Playful Gaming
- Simpson Strong Tie
- Stihl
- Corporate Flight
- **YUM Brands**
- **State Farm Insurance**
- Delta Private Jets
- XO Jet
- Marquis Jet



Performance – Asset to the Community

- Education
 - Letourneau University Aviation Program
 - McKinney ISD – 400 Students Involved at TKI Aviation Programs
- Direct Business to Local Economy
 - Hotels, Restaurants and Shopping
- Medical Services
 - Transplant, Organ Donation and Emergency Response
- Provides Transportation
 - Charter Flights Open to the Public
- Community Outreach
 - Challenge Air, Flying Vikings – Special Needs Children
 - Support Veterans – WWII B-52 Bomber Exhibit



Project Overview – Why?

- We Have Reached Capacity
 - Terminal
 - Current Space is: 2,400 Square Feet
 - Parking
 - At Capacity and No Longer Have Room for Additional Customers
 - Hangar Space
 - At Capacity Have Added Two Hangars Since Acquisition
 - Common Hangar 1: 15,000 SF Hangar and 2,000 SF Office – Completely Leased
 - Common Hangar 2: 10,000 SF Hangar – Completely Pre-Leased – October 2017 Opening



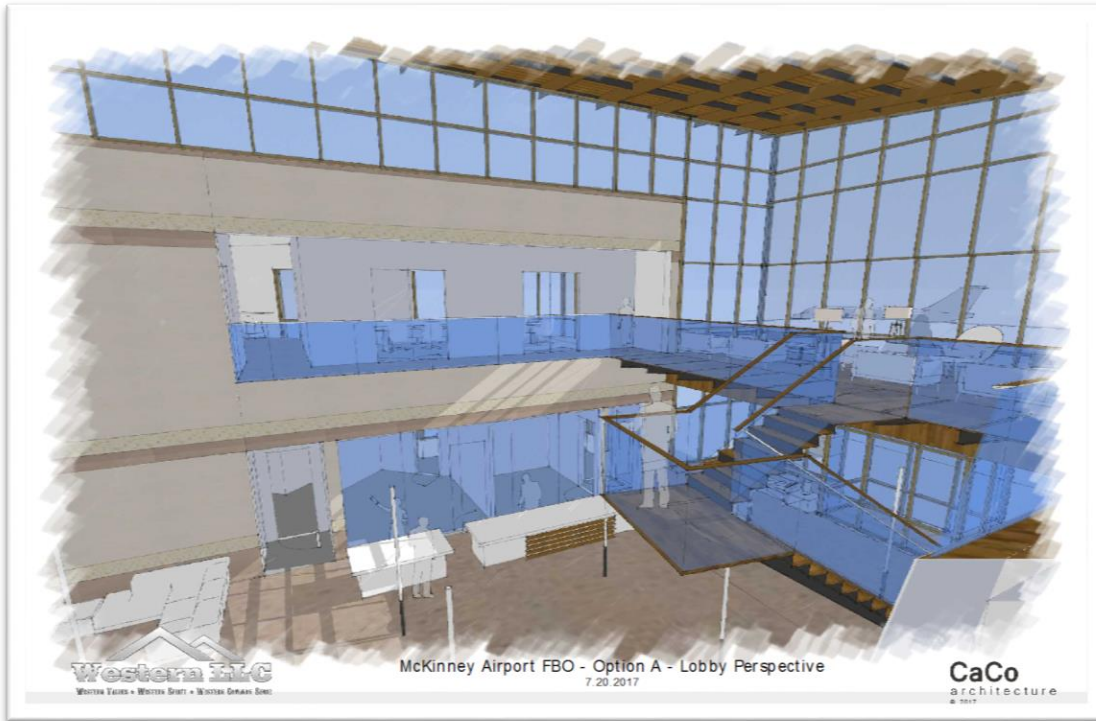


Project Overview – FBO Terminal

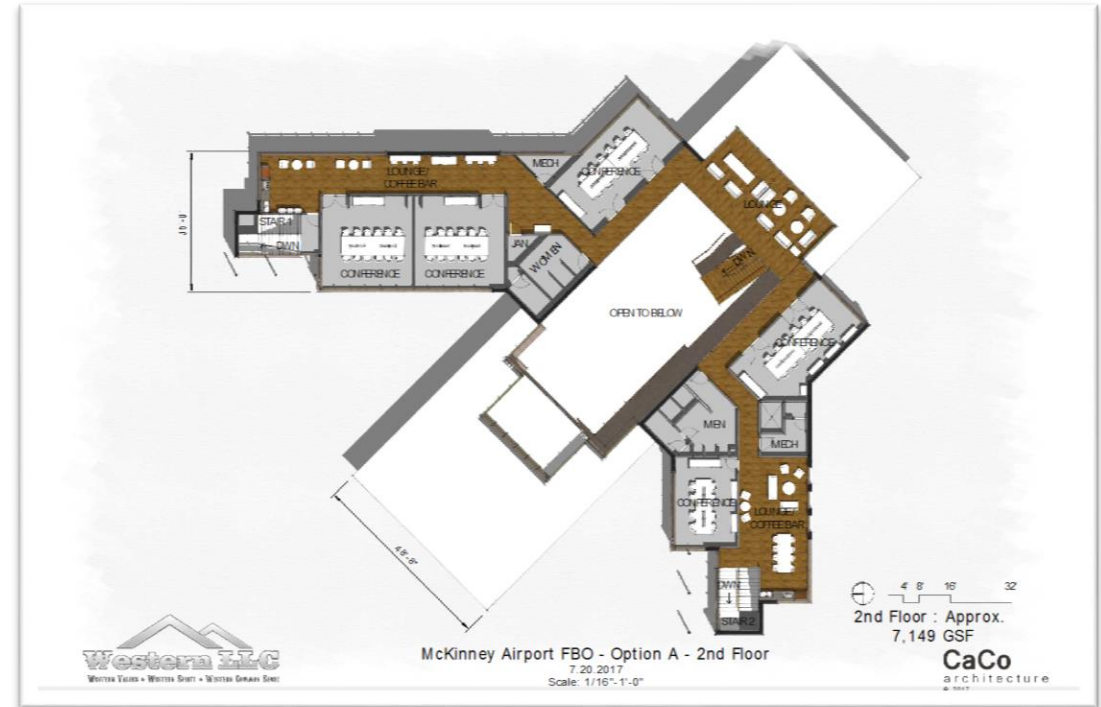
- 2 Story Building 17,000 SF
- Addition of 88 Parking Spots

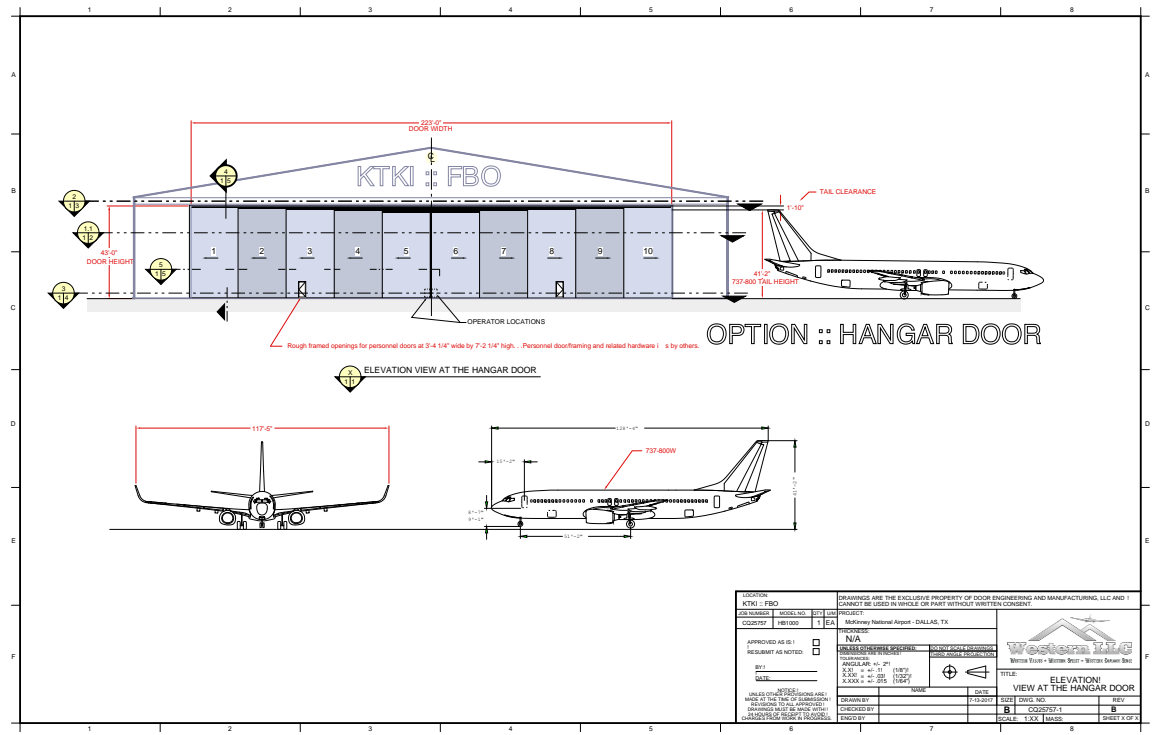


Project Overview – FBO Terminal



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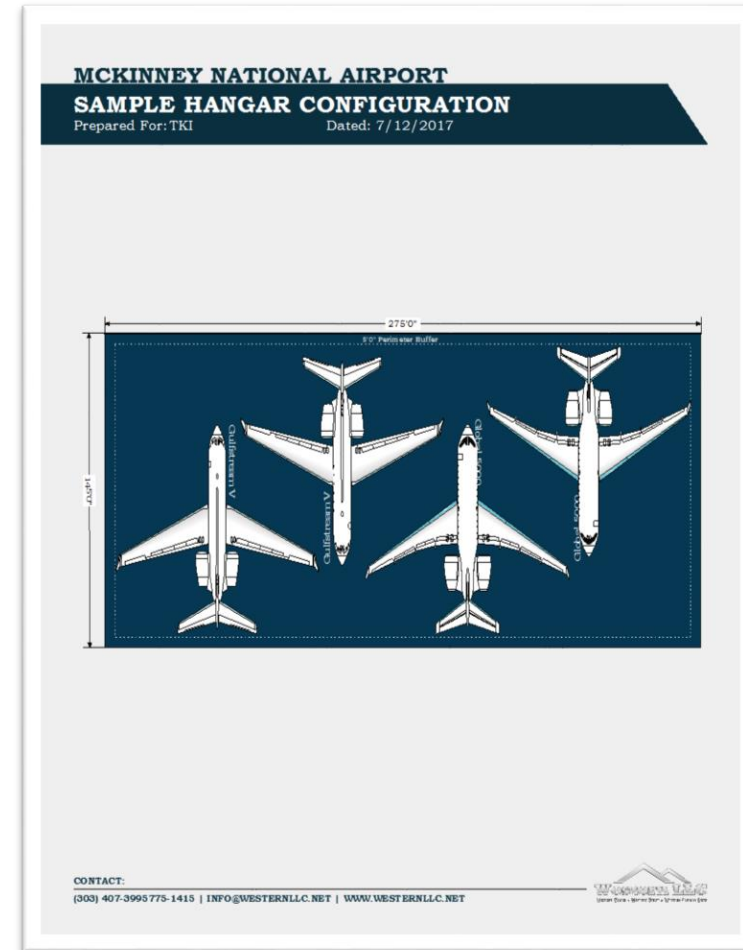


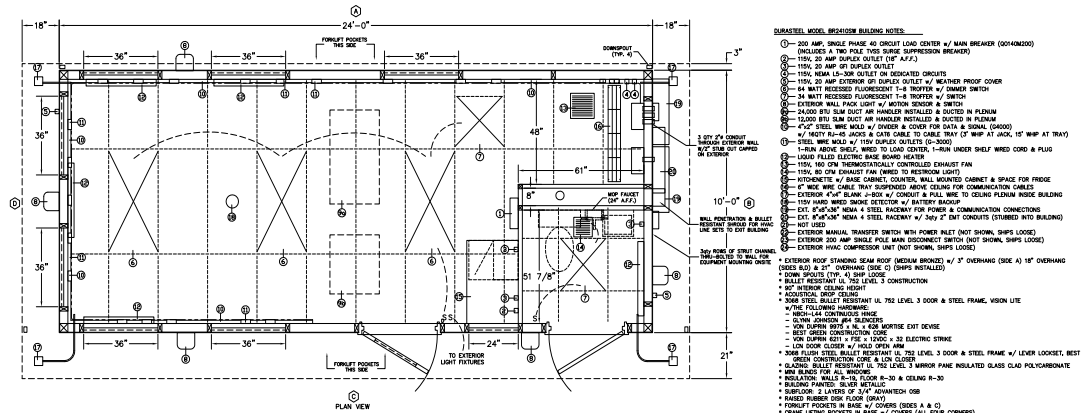
Project Overview – FBO Hangar

- 39,875 SF Hangar
- 9,000 SF Offices
- 39,884 SF Ramp
- Parking



Project Overview – FBO Hangar





Project Overview – Customs Facility

- Federally Required
- Stand Alone or Incorporated
- Fortified and Very Secure



Project Overview - McKinney Air Center Business Plan

- Engaged Airport Business Solutions (ABS) in 2017
 - “the terminal is rapidly becoming inadequate for the growing business at McKinney”
 - “the terminal is in need of an upgrade to a larger and more modern, efficient building, with an up-to-date technology and amenities that pilots and passengers expect. McKinney Air Center must align itself with the competition in the FBO market”



Project Overview – McKinney Air Center Business Plan

Category	2016	2021	2026	2036
Single Engine Piston	221	243	268	323
Multi Engine Piston	19	20	19	17
Turbo Prop	12	17	25	35
Jet	27	34	43	63
Helicopter	7	11	15	22
TOTAL	286	325	370	460

Information Provided by Airport Business Solutions - FBO Strategic Business Plan – June 2017



Request

- Project Cost \$16M
- City Council Presentation
 - Presented at Council Work Session
 - Original Proposal was \$8M from both MEDC and MCDC
- Informal Feedback Received
 - Private Sector Participation?
 - \$8M From Both MEDC and MCDC - A Big Ask
 - Why No Airport Participation?

Request – Checking the Boxes

- Private Sector Participation?
 - Staff Conducted RFP For Private Sector Developer
 - Western LLC Selected
 - Provide \$8M of Up Front Construction Financing and Construction
- \$8M From MEDC and MCDC – A Big Ask
 - Reduced Request by Half to \$4M from MEDC and MCDC
- \$8M From McKinney Air Center
 - Increased Revenue From Common Hangar
 - Paid Back to Western LLC Over 20 Years



Conclusion

- Staff Respectfully Requests Approval of \$4M Grant For FBO Terminal/Hangar Construction