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## McKinney officials approve \$25M purchase of Collin County airport assets

Staff report

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McKinney city officials on Tuesday approved the \$25 million purchase of Collin County Regional Airport assets, making the city owner of the airport property and facilities.

The McKinney City Council authorized City Manager Jason Gray to sign a binding contract to purchase assets the city did not already own at the airport. The city owns the airport property but not the improvements.

The city will take over the assets Nov. 1. As part of the plan, the city will begin providing Fixed Base Operator (FBO) services such as fueling and handling aircraft with trained FBO staff when the current vendor contract expires Oct. 31.

"The city has historically subsidized operations at the airport without an opportunity to participate in the economic benefits of hangar leases, fuel sales and other services," McKinney Mayor Brian Loughmiller said in a city release. "The acquisition will allow for a return on investment allowing the airport to be self-supporting as well as providing an opportunity for a single point of negotiation as we compete for corporate aviation and aviation-related business development."

The \$25 million purchase price will come from Texas Department of Transportation funds already owed to the city for airport improvements, and approximately \$17.25 million in bonds to be retired from airport revenue. The city recently earned AAA bond rating which, along with low interest rates, means that even without additional improvements, airport revenue will cover the debt payments.

"Fuel sales are a major revenue source at the airport," Gray said in the release. "By providing that and ancillary services, the city will generate additional income that will pay debt and fund improvements to make the airport a gateway we can be proud of to lure additional corporate aircraft and business to our city."

McKinney Economic Development Corporation President Jim Wehmeier said, "By owning and operating the airport we can package hangar space, fuel and other incentives in a way that cannot be accomplished under the present system.

"As the airport generates more revenue, we can use that revenue to make further improvements that enhance the airport's economic impact on our community. One example of that would be to build a new FBO facility and customer terminal that will compete more effectively than the present facility."

McKinney is modeling its plans after Sugar Land, a Houston suburb that has built one of the nation's highest-rated FBO facilities in Sugar Land Regional Airport.

"We have carefully studied their operations and believe the model will work equally well in McKinney,"

Gray said. "We want to achieve the same goal of having an airport that receives high ratings from its customers."

Airport officials said there can be a smooth transition when the city takes over in November. "We have an experienced airport manager who has run an FBO before and have the same access to fuel suppliers and other equipment as the current operators," Gray said.

Officials of the Federal Aviation Administration and TxDOT have been briefed on the city's plans. FAA rules allow municipalities to offer fueling and other services at airports.

"The bottom line," Gray said, "is that the city has a rare and unique opportunity to acquire a key asset, phase out subsidies and invest future income in a better airport to serve our community."

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