

COMMERCIAL SERVICE AT MCKINNEY NATIONAL AIRPORT



Agenda

- McKinney Bond History and Debt Capacity
- Bond Committee Process and Timeline
- McKinney National Airport Background
- Summary of Recommendations to City Council
- Proposed Next Steps



McKinney's Bond History and Debt Capacity

Bond History (2006 – 2019)

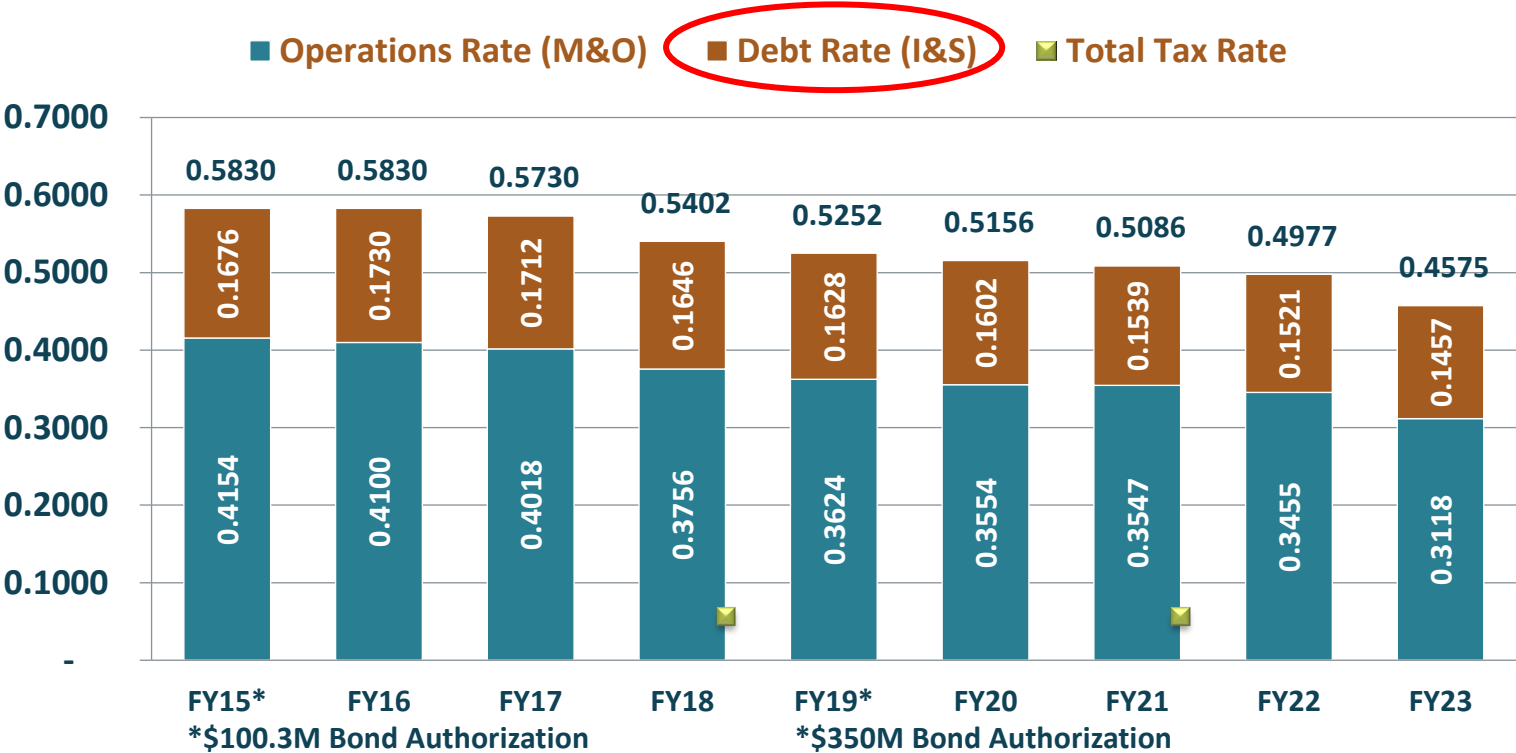
Year	Proposed Bond Amount	Proposed Purposes	Approved Bond Amount
2006	\$83,675,000	Streets, Parks, Public Safety, Facilities, Drainage	\$83,675,000
2010	\$51,350,000	Streets, Parks, Public Safety, Public Works, Drainage, Parking	\$51,350,000
2015	\$160,300,000	Streets, Public Safety, Facilities, Airport, Drainage, Parking Garage	\$100,300,000
2019	\$350,000,000	Streets, Parks, Public Safety, Municipal Complex, Public Works	\$350,000,000

Overall Economic Health

- **AAA Bond Ratings Affirmed in June**
 - Moody's and S&P
 - Moody's upgrade in 2017
- **Adequate Reserves**
 - Cash Funding of projects
 - City Hall
 - Building Renovations
 - Street Replacement/Repair
 - IT Initiatives
 - Depreciation Fund
- **Continued Population and Valuation Growth**

Property Tax Rate

- Current Tax Rate of \$0.457485
 - Reduced \$0.07 since 2019
- Components of the overall tax rate
 - M&O Rate – Portion used for Maintenance and Operations
 - I&S Rate – Portion used to pay debt obligations
 - Funds Infrastructure

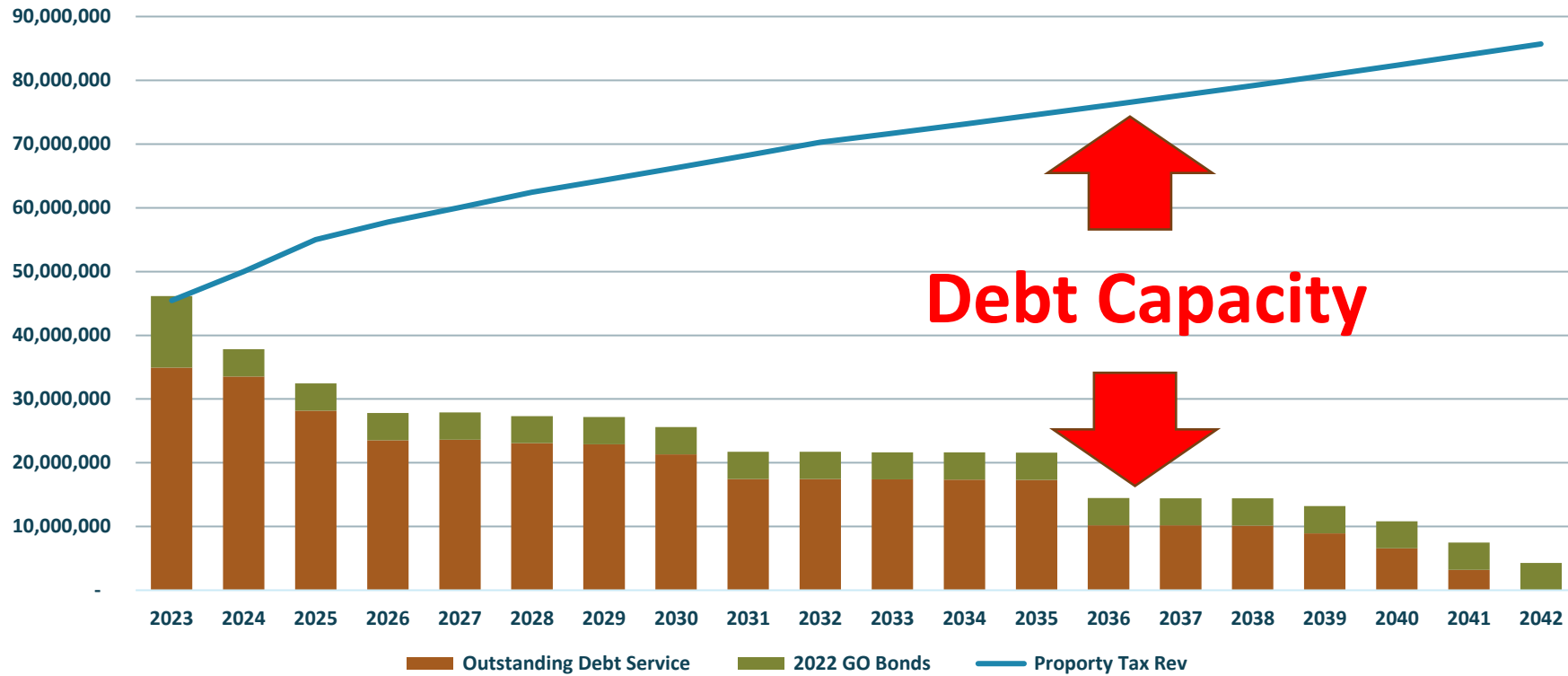


Debt Capacity

- The City's definition of debt capacity is the amount that can be bonded in a Fiscal Year while maintaining a constant I&S rate in subsequent years
- 4 Variables in model to determine capacity, assuming level debt service
 - Tax Rate
 - Property Values
 - Term Duration
 - Interest Rate

General Obligation Summary

General Obligation Bonds Current and Projected Debt Service



Voter Authorized Debt-Remaining Balances

2015 Bond Election	Voter Authorized	Issued	Balance
Streets	\$64,100,000	\$64,100,000	\$0
Public Safety	\$22,500,000	\$17,200,000	\$5,300,000
Muni Facilities	\$11,700,000	\$11,700,000	\$0
Drainage	\$2,000,000	\$2,000,000	\$0
Totals	\$100,300,000	\$95,000,000	\$5,300,000

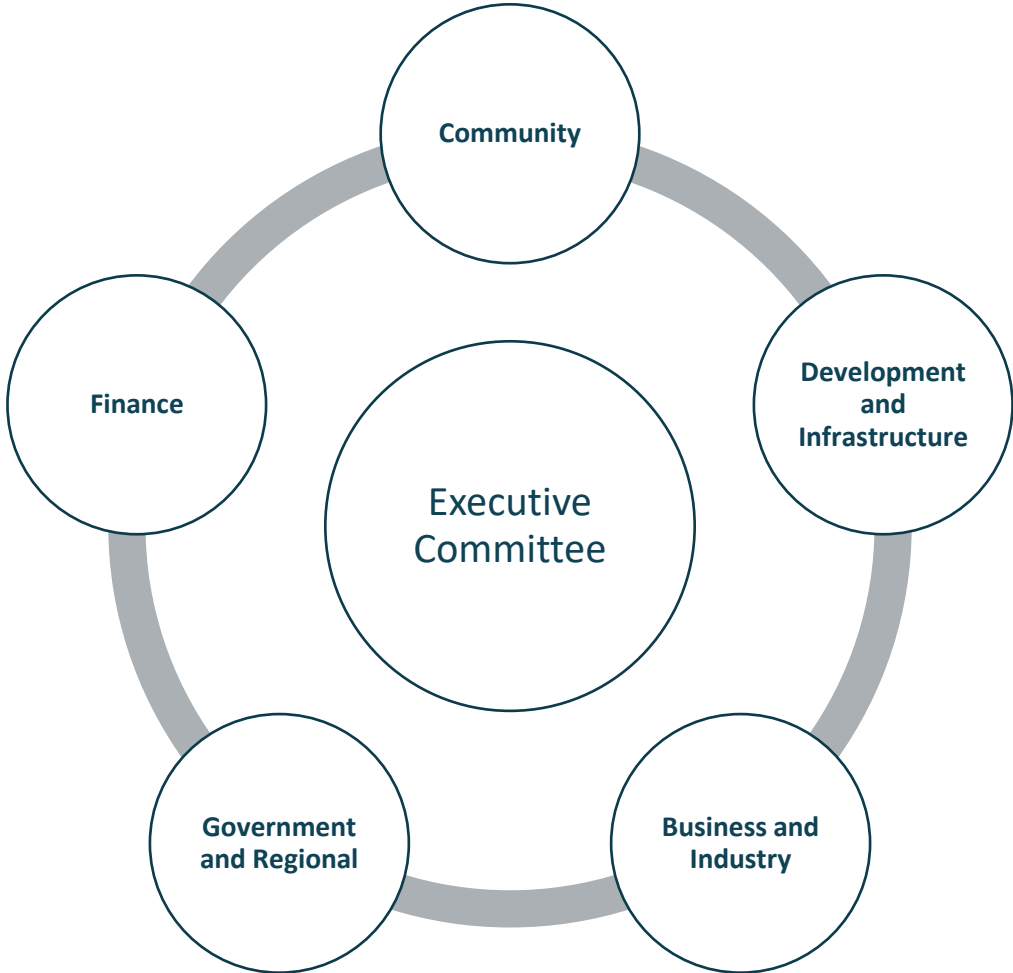
2019 Bond Election	Voter Authorized	Issued	Balance
Public Safety	\$75,000,000	\$14,750,000	\$60,250,000
Muni Facilities	\$50,000,000	\$50,000,000	\$0
Parks	\$91,000,000	\$46,090,000	\$44,910,000
Public Works	\$34,000,000	\$16,750,000	\$17,250,000
Streets	\$100,000,000	\$37,860,000	\$62,140,000
Totals	\$350,000,000	\$165,450,000	\$184,550,000



Bond Committee Process and Timeline

Bond Committee Composition

(Established by City Council)



Bond Committee Members

Finance	Community	Development & Infrastructure	Business & Industry	Government/Regional
Betty Petkovsek Brian Loughmiller John Prudich Maria McKinzie Roger Harris <u>Stephanie South</u>	Alex Camacho Brian Hazlewood Chantelle Kadalla Chuck Branch Shawn Pratt Tomorrow Shea <u>Don Blackwood</u>	Bob Botsford David Clarke Maurice Malvern Steve Wilson Tracie Frazier Thad Helsley Mark Cope	David Craig David Johnson Geralyn Keever Jeff Place Marianne Radley Marlon Brown Bill Cox <u>Dick Thompson</u>	Allen Mayor Ken Fulk Anna Mayor Nate Pike Collin County Judge Chris Hill Fairview Mayor Henry Lesner Former Frisco Mayor Maher Maso Frisco Mayor Jeff Cheney Melissa Mayor Jay Northcut Plano Councilmember Rick Grady Princeton Mayor Brianna Chacon Lucas Mayor Jim Olk <u>Texas State Representative Jeff Leach</u>

Bond Committee Timeline

Oct. 10th

- Project Team Introductions
- Airport History
- Airport 101
- Work to Date
- Subcommittee Introductions

Oct. 26th

- McKinney's Debt Capacity
- Bond Committee Guidelines
- Economic Impact Study
- Subcommittee Discussions

Nov. 9th

- Topic Specific Breakout Sessions
- Subcommittee Discussions
- Spokesperson Discussion

McKinney National Airport Background



Growth and expansion to accommodate the needs of the community



1979

McKinney Municipal Airport opens with a 4,000-foot runway

1984

Runway lengthened to 5,800 feet

1993

Runway lengthened to 7,001-feet & Instrument Landing System(ILS) installed

1996

Air Traffic Control Tower (ATCT) opens

2000

Fire Station #4 Opens

2002

US Customs and Border Control added for International flights

The City of McKinney has always been the airport owner/sponsor



2009

Fuel farm
expanded

2011

New ATCT
constructed

2012

New runway opens
at 7,002-feet

2013

The City takes ownership and
management of Fixed Based
Operator (FBO) McKinney Air
Center and airport renamed
McKinney National Airport

2018

Current airport
master plan
approved and
adopted



TKI



McKinney National Airport at 30,000 feet

A self-sustaining local asset

- National General Aviation (GA) airport
- Home to Fortune 500 corporate fleets and privately-owned aircraft
- Revenues from fuel sales, hangar and office rents, ground leases, and other aeronautical services fully fund the maintenance and operation of the airfield and associated facilities
- Ad valorem tax revenue funds education, public safety, and streets, etc.



\$12M

**SELF-SUSTAINING
ANNUAL
OPERATING
BUDGET**



\$212.7M

**ANNUAL
ECONOMIC
IMPACT**



\$3.5M

**FY 2022-23
AD VALOREM
TAX REVENUE**

HISTORY OF THE PROJECT

- Commercial Passenger Service has been in the Airport's Master Plan since 2012.
- Due Diligence on the project began in 2019 as a result of unsolicited interested from airlines and developers.
- The City/Airport has commissioned a series of studies to:
 - Validate the market and the demand for service
 - Understand the associated costs of transitioning the airport to provide commercial service
 - Capital costs
 - Operating costs
 - Understand the Economic Impact of the Project
 - Understand the Environmental Impacts of the Project
- Work Currently Underway includes:
 - Project Programming (30% Design)
 - Environmental Assessment of the Project (impacts such as noise and surface transportation)

City Council Strategic Plan

McKINNEY FIRST

FY22

CITY COUNCIL GOALS & STRATEGIES

(October 1, 2021 – September 30, 2022)



DIRECTION FOR STRATEGIC & ECONOMIC GROWTH



OPERATIONAL EXCELLENCE



MAXIMIZE THE DEVELOPMENT POTENTIAL OF MCKINNEY NATIONAL AIRPORT



FINANCIALLY SOUND GOVERNMENT



ENHANCE THE QUALITY OF LIFE IN MCKINNEY



SAFE & SECURE COMMUNITY



CITY OF MCKINNEY
www.McKinneyTexas.org

- Strategic Goal - The McKinney City Council has made maximizing the development potential of McKinney National Airport one of the six pillars of the City Council Goals and Strategies.

- Development Objective - Complete environmental assessments and preliminary design for commercial service terminal and associated facilities



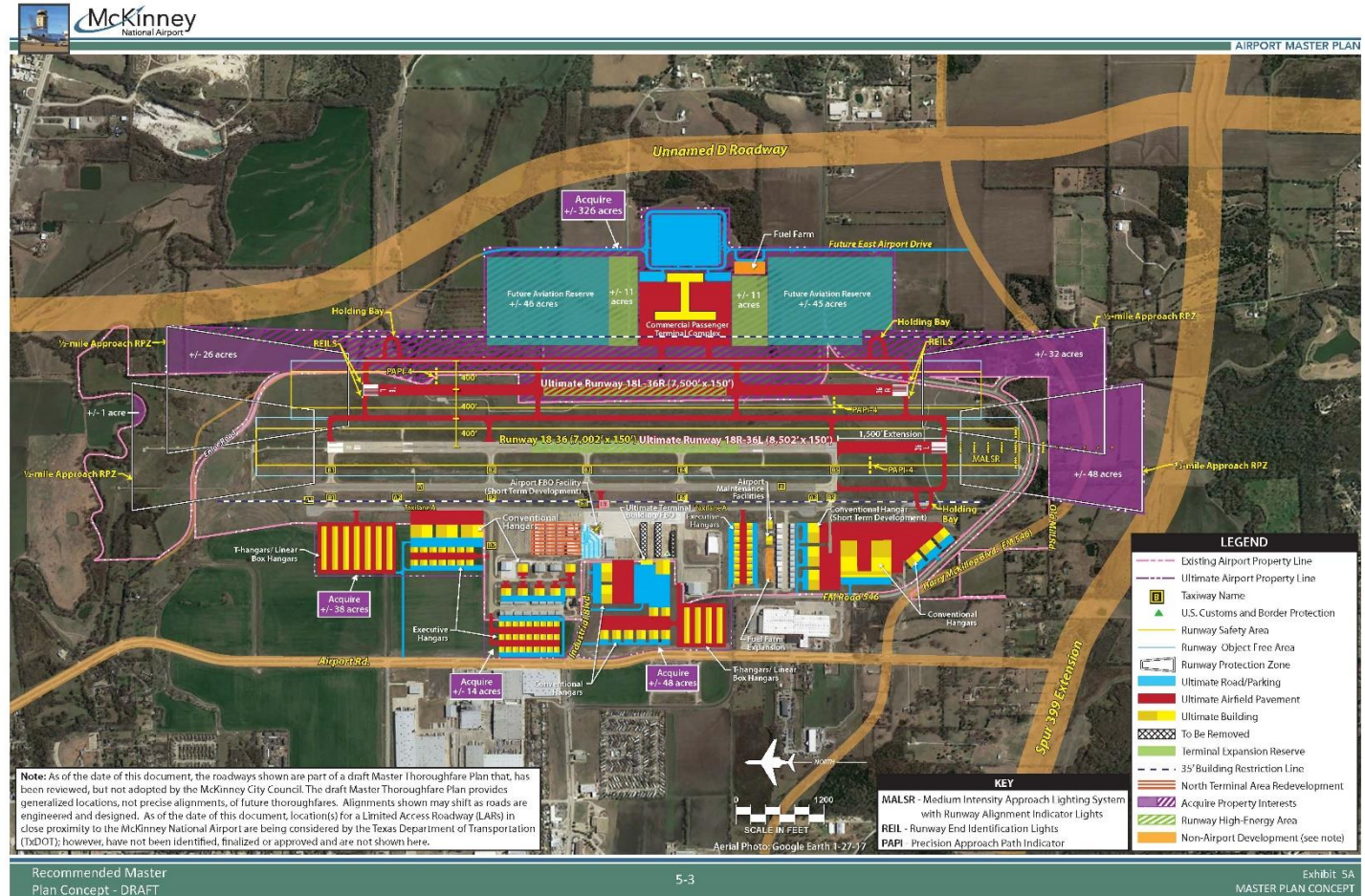
Guiding Principles

In December 2020, the City Council adopted the following “Airport Development Plan Guiding Principles” to guide the City of McKinney’s efforts in developing the airport:

1. Maximize the contribution of McKinney National Airport to the economic growth of the City and region.
2. Align the near- and long-term economic and commercial development of Airport infrastructure with City and regional economic growth by promoting the highest and best use of Airport property/assets.
3. Develop, maintain, and operate the Airport in a manner that exceeds minimum standards of safety and security, and is consistent with required regulations.
4. Ensure the Airport is financially sustainable and minimizes any operating subsidy from the City.
5. Provide development opportunities that are financially sustainable for all parties.
6. Use a competitive, fair, and transparent process for the provision of new services at the Airport consistent with established development standards.
7. Develop and offer aircraft support services at competitive pricing relative to the regional aviation market.

2019 Airport Master Plan

- An Airport Master Plan provides a road map for efficiently meeting aviation demand through the foreseeable future while preserving the flexibility necessary to respond to changing industry conditions.
- An eastside commercial terminal was included in the 2012 and 2019 Master Plans.



An architectural rendering of a modern airport terminal building at dusk. The terminal has a unique, angular design with a large, illuminated glass facade. A sign above an entrance reads "TO TERMINAL". In the foreground, there is a paved area with a few cars and a group of people. The background shows an airport tarmac with a large airplane and a city skyline under a twilight sky.

Summary of Recommendations to City Council

Executive Summary

- The purpose of the airport is to serve the present and future needs of the City of McKinney and Collin County.
- The project is aligned with the City Council's strategic goals for the airport.
- TKI is uniquely positioned to serve a desirable customer base.
- Passengers and Airlines are interested.
- The City of McKinney is capable.
- North Texas is expected to support more than two commercial service airports.
- The City of McKinney and Collin County will benefit.
- All of North Texas will benefit.





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McKinney National Airport's target market

The region served by an airport considers:



Geography

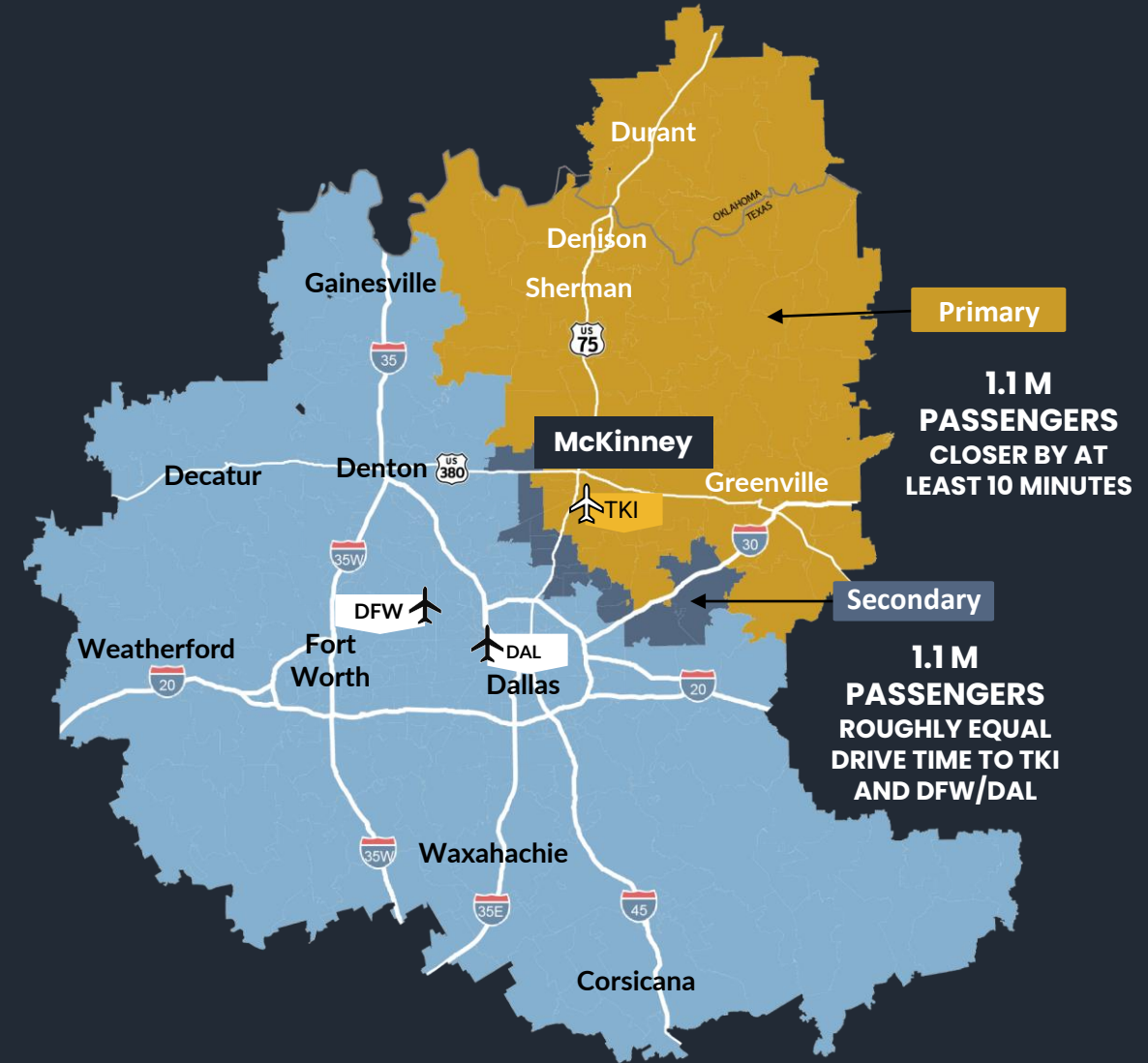


Accessibility



Proximity of alternative airports

Drive time analysis from zip codes in the Dallas-Fort Worth combined statistical area to TKI versus DAL and DFW



Source: Google Maps search results for drive time on Tuesday, January 25, 2022, at 5 p.m.

Large metropolitan areas with multiple commercial airports

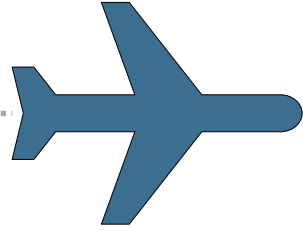


KEY AIRLINE BUSINESS MODELS

Network/Legacy



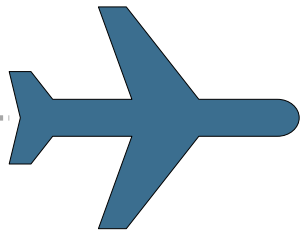
- Globe-spanning; robust alliances
- Seek profitability through superior unit revenues
- Deliberate market development – slow to enter; typically slow to exit though much quicker since COVID



Low Cost



- Domestic and limited international; limited alliances
- Seek profitability through superior unit costs
- Methodical and flexible – typically add several new markets annually; slow to exit markets



Ultra Low Cost



- Domestic and limited international; no alliances
- Seek profitability through market stimulation and upsells/ancillary revenue
- Highly opportunistic – quick to enter and exit markets



Preliminary site plan for new commercial service terminal & Spur 399

- Development will be on the east side of the airport.
- TxDOT has selected the alignment east of the airport as its preferred option for the Spur 399 extension.
- A six- to eight-lane freeway with frontage roads is proposed.
- Spur 399 will improve connectivity between the eastern portion of Collin County and destinations south of McKinney.

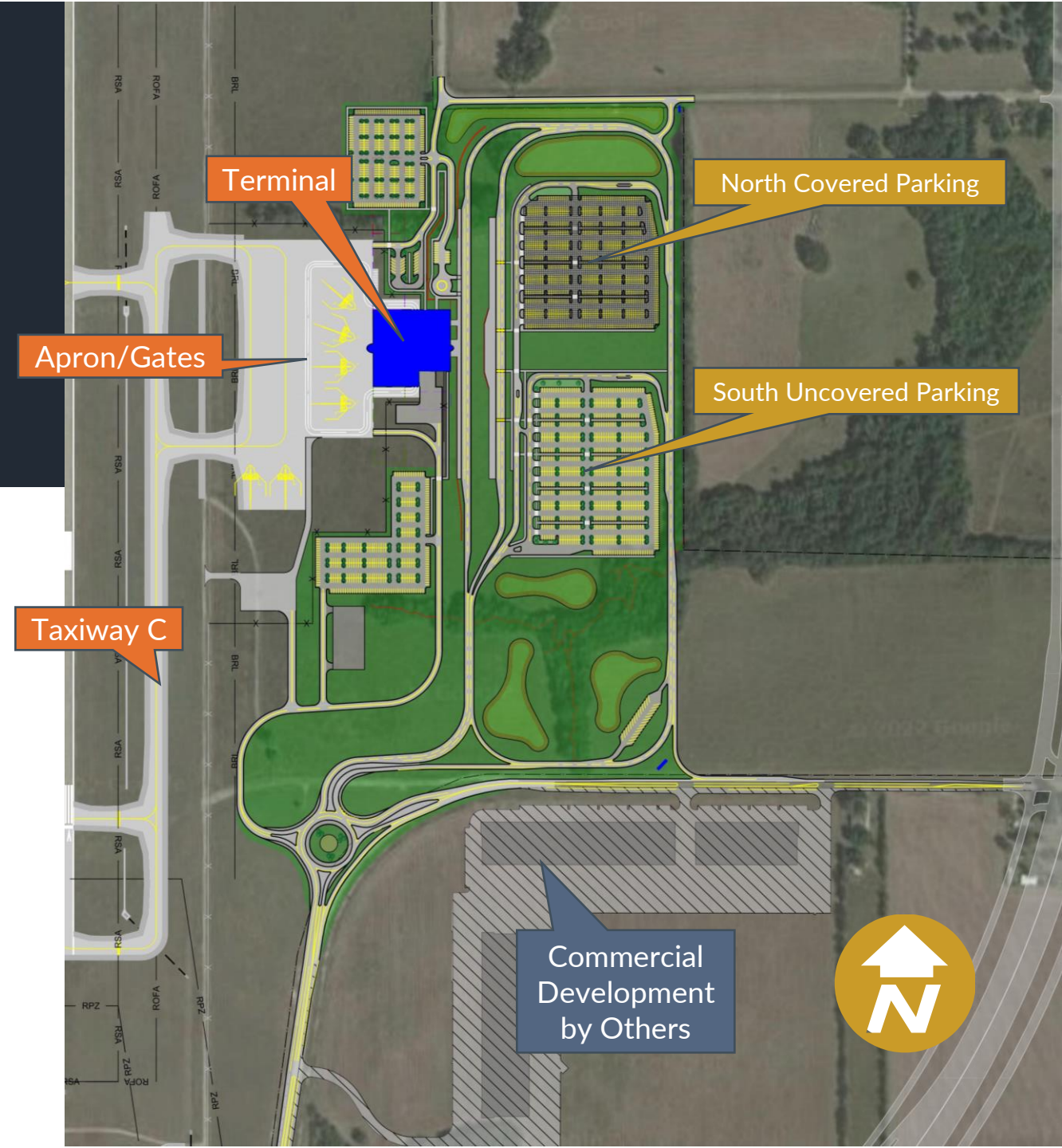


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Preliminary site plan for new commercial service terminal

FACILITY HIGHLIGHTS

- 144,000 square foot terminal
- Four gates
- 15-acre aircraft apron
- 2,000 parking spaces
- Taxiway C (Phase 1)





TKI



144,000 sq. ft.
terminal



Ticketing & check-in
area





Four
Gates



Conceptual rendering



TKI



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2,000 parking spaces,
including covered
parking and valet



Conceptual rendering



UPPER LEVEL



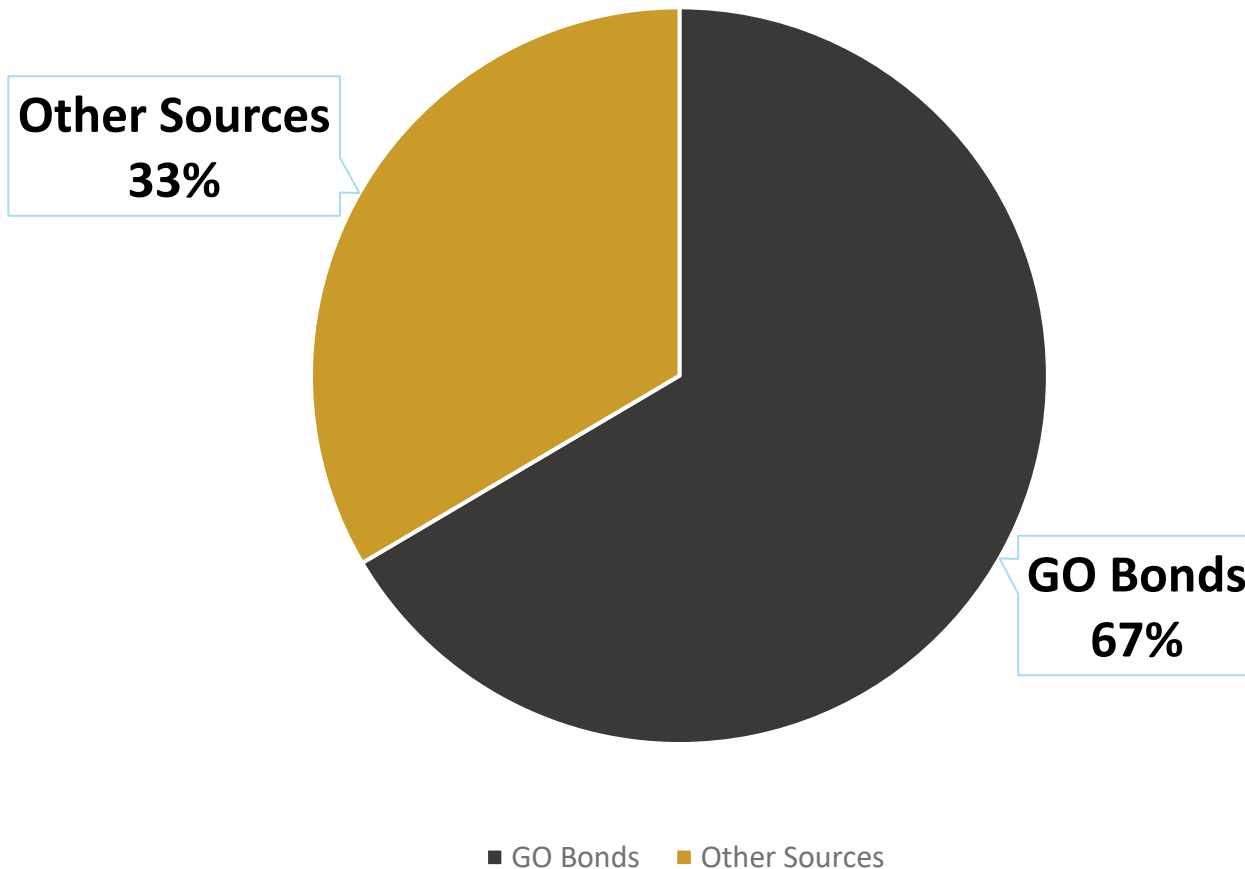
LOWER LEVEL

Terminal Planning and Design: Capital Projects Necessary for TKI Initial Commercial Service

Project	August 2022 Estimate
Terminal Building (4 Gate facility)	\$173.5M
East Side Infrastructure Development (e.g., electrical, water, sewer)	\$3.7M
Terminal Apron Pavement (e.g., 4 gates and surrounding areas)	\$19.2M
Total (FY 2024)	\$196.4M
Parallel Taxiway C (Phase 1) – Partial Taxiway to Runway 36 End	\$12.7M
Terminal Entrance and Loop Roadway	\$35.7M
Passenger Vehicle Parking (Surface lots)	\$46.7M
Vehicle Service Road serving East Side of the Airport	\$7.5M
New ARFF Equipment	\$1.0M
New West Side 30,000 gallon Jet A Fuel Tank	\$0.7M
Total (FY 2025)	\$104.3M
Project Total	\$300.7M

Bond Committee Recommendation - \$200 Million Bond Package

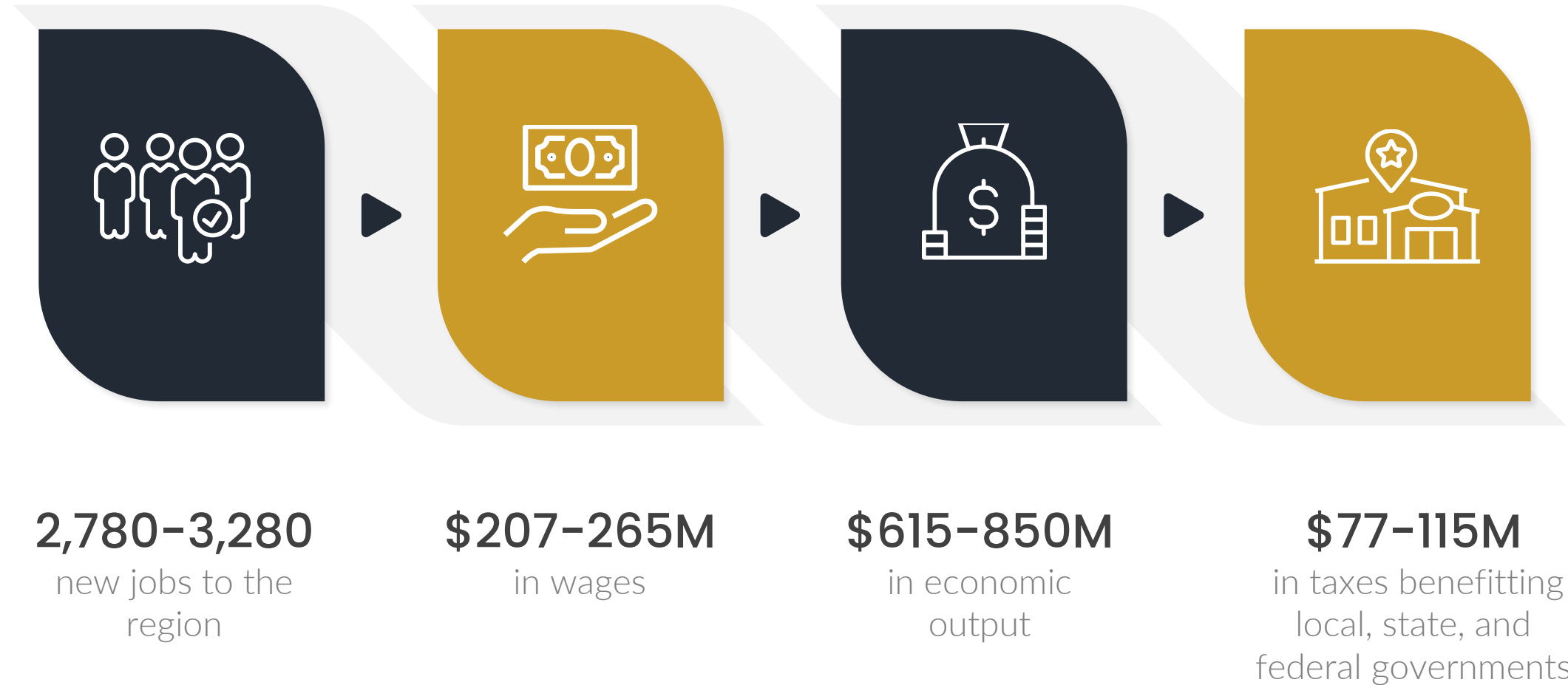
Commercial Terminal Funding



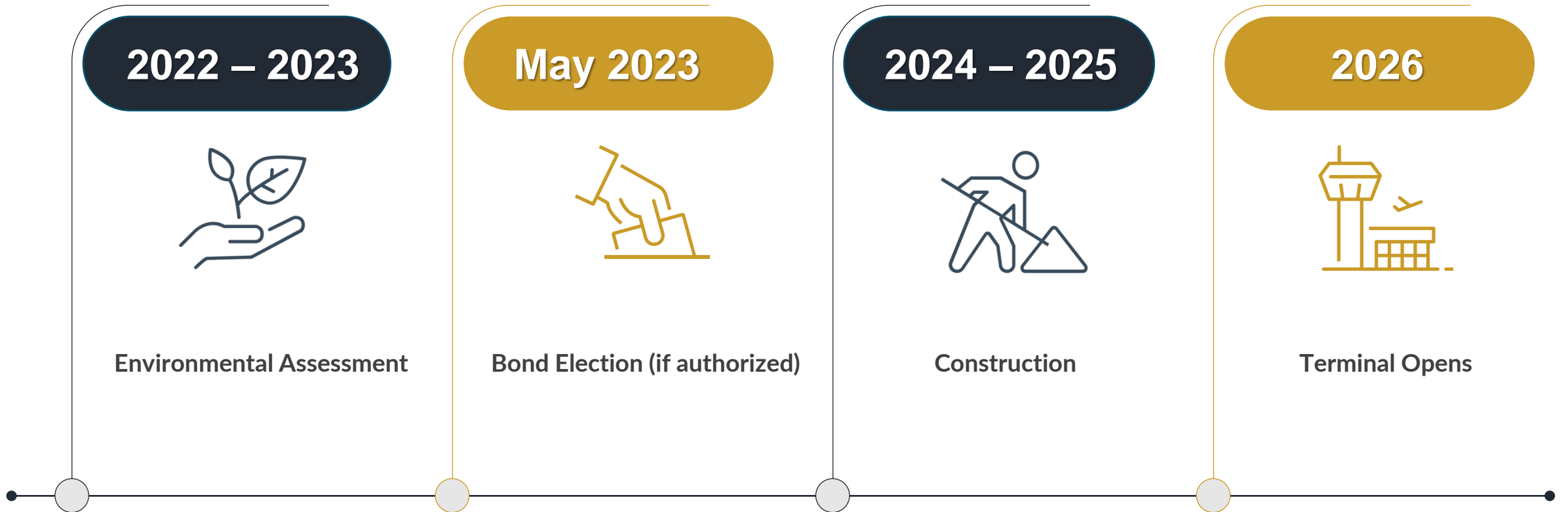
Expected funding:

- \$200M Bonds
- \$100.7M other sources
 - Federal, State and Local Grants
 - Potential MEDC/MCDC Funding
 - Low interest Federal Transportation Loans
 - Fund Balances

Potential annual economic impact in the initial year



Boarding time





TKI

Environmental assessment



- An environmental assessment, started in 2022, will analyze the potential environmental impacts to resources such as water, wildlife and habitat, culture, air quality, noise, surface transportation, residences, and community populations.
- Public Hearings for the draft environmental assessment will occur in early 2023, with additional opportunities for public feedback to follow.

Next Steps

- **January 17th**
 - Executive Committee Member(s) Report Recommendations to City Council
- **February 7th**
 - City Council Makes Final Determination of Propositions & Totals
 - City Council Calls for a May 2023 Bond Election
- **February – May**
 - Participation in Awareness Activities on Bond
 - Community Meetings
 - Media Engagement (Traditional & Social)
- **May 6th**
 - Election Day



For more information go to fly-mckinney.com

