

**Work Session – Presentation of “A Better KCI”**

**THE LEAWOOD CITY COUNCIL**

**August 7, 2017**

**Minutes**

DVD No. 395

The Governing Body of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday, August 7, 2017. Mayor Peggy Dunn presided.

**Councilmembers Present:** Jim Rawlings, Julie Cain, Andrew Osman, Debra Filla, James Azeltine, Lisa Harrison and Chuck Sipple

**Councilmembers Absent:** None

<b>Staff Present:</b> Scott Lambers, City Administrator	Patty Bennett, City Attorney
Richard Coleman, Comm. Dev. Director	Dawn Long, Finance Director
Brian Anderson, Parks Superintendent	Chief Dave Williams, Fire Dept.
Chief Troy Rettig, Police Department	Chris Claxton, Parks & Rec. Director
Ross Kurz, Information Services Director	David Ley, Interim Public Works
Nic Sanders, Human Resources Director	Director and City Engineer
Mark Tepesch, Info. Serv. Specialist III	Cindy Jacobus, Assistant City Clerk
Debra Harper, City Clerk	

**Others Present:** Kevin Jeffries, President, Chief Executive Officer and Director of Economic Development, Leawood Chamber of Commerce

**PRESENTATION OF “A BETTER KCI”**

Mayor Dunn called the meeting to order and welcomed attendees. Introductions were made by those present. She thanked Mr. Joe Reardon, President and Chief Executive Officer, Greater Kansas City Area Chamber of Commerce and Mr. Tim Cowden, President and Chief Executive Officer of the Kansas City Area Development Council for providing advance materials and presenting. She gave special recognition to Ms. Patty Bennett’s sister, Ms. Cathy Bennett, Greater Kansas City Area Chamber of Commerce who facilitates the Leadership Exchange trips, and Mr. Kevin Jeffries, Leawood Chamber of Commerce and Economic Development Council, for their attendance.

Mayor Dunn pointed out no comments from the public are entertained by the Governing Body at Work Sessions as noted at the bottom of the agenda. The purpose of Work Sessions is Council discussion. The Work Session would adjourn by 7:20 P.M. in advance of the Governing Body regular meeting scheduled to begin at 7:30 P.M. If time permits, presenters would take questions in Council Chambers, or written questions can be submitted or questions would be taken by the presenters in the City Hall Main Conference Room at the conclusion of the Governing Body Work Session.

Mr. Reardon and Mr. Cowden stated appreciation for the opportunity to share information and answer questions. The slideshow presentation would take approximately 35 to 40 minutes, and they will have made 55 presentations across the region after tonight. Questions from the Governing Body and public would be answered as time permits. Highlights of their presentation as follows.

“A Better KCI” initiative is the result of 1.5 years of work by many parties, with discussion moving away from past issues of how many footsteps needed, which side of the wall you are on, and if restrooms are functional, and focusing on the business case. Many local organizations and businesses throughout the region have already endorsed, beyond the four initial endorsements. Much conversation has taken place about KCI in the last seven years, with many starts and stops during that time. The WHY has gotten lost in the overall discussion. Tonight’s presentation would focus on the WHY, followed by WHAT and HOW.

WHY should Kansas City create a new single terminal airport? The current Kansas City International [KCI] airport has served well for nearly 50 years, but we need to look forward to the next 50 years. The airport effects the entire mid-west, with 88% of users from outside of Kansas City, Missouri. The airport is important to the economy, economic development and vitality of regional businesses, cities and counties. In focusing on how the business community could address KCI, discussions were held with the Federal Transportation Security Authority, Federal Aviation Association and airline representatives. A Leadership Exchange trip was taken to the Dallas/Ft. Forth, Texas, area, and relative to economic development and their airport, they presented maps depicting Dallas/Ft. Worth as the center of the United States, with lines of air service to every major United States city. To attract businesses to their area, they promote that travel from Dallas/Ft. Worth to other cities can take two hours or less, and stated this is why Toyota North America headquarters moved from California to Frisco, a city just north of Dallas. They shared that every international flight they can attract to their metropolitan area has the impact of a Super Bowl, about \$250 Million in annual economic impact.

KCI has been loved since 1972. KCI covers approximately 10,000 acres and has three superior runways in excellent condition because of continued investment, which capably handle current service. The airport requires investment and capital expenditures would be needed in the future. If the airport was closed, the region would be harmed. The airport has been visited by nearly everyone in the Kansas City region, and therefore they have an opinion. More citizens have probably visited the airport than have visited City Hall. KCI was about getting Kansas City out to the world; the new KCI must be about getting the world to Kansas City. An important distinction is terminology; airport and terminal are not synonymous. The presentation will focus on the WHY of a new terminal building only. A terminal building, which travelers pass through to reach an aircraft, is unique as it needs to function every single day, being open nearly 24 hours a day, without seasonality. A political campaign on the matter involving the WHAT and HOW will happen in due course.

The six WHYs of “A Better KCI” include Access + Destinations which gets a bit into the WHAT and HOW, Economic Driver, Convenience + Amenities, Security + Technology, Major-League City/Region and Paid for By Users.

#### Access + Destinations

In performing due diligence, much has been learned about practical real-world experience, air service and potential air service. Southwest Airlines is the largest carrier at KCI with 79 flights. Southwest has 110 flights out of Lambert International Airport in St. Louis, Missouri. In testimony at a public hearing when Kansas City Mayor Sly James paused the initiative one year ago, Southwest Airline representatives stated they were throttling back on the number of flights at KCI because of poor customer service and transferability. Since that time, Southwest has added only two flights at KCI, one to San Antonio, Texas, and one to Austin, Texas. There are enough Kansas City-based passengers to fill these two flights. During this time, Southwest added 12 flights from St. Louis, Missouri. St. Louis does have a larger population base, but only two of the 12 flights are flown full to their destinations with St. Louis-based passengers. The other 10 flights are transfer points, picking up only 20 to 40 St. Louis-based passengers. Southwest has announced they will be adding one more flight from KCI for a total of 80 flights, and adding seven flights and opening four additional gates in St. Louis, bringing the number of Southwest flights at St. Louis to over 120 flights.

Productivity is getting there without connection or concern for the timing of connecting flights. For example, travel from KCI to Washington D.C. can involve a connection if the timing of the trip agenda does not work well with limited direct, non-stop flight schedules. There are approximately 300 travelers that depart from KCI and go to Europe, and about 1,000 travelers that depart KCI for other world-wide locations. Three hundred passengers should be enough to warrant an international flight. Airports such as Indianapolis, St. Louis and KCI are in a competitive market for non-stop flights to Europe. The Louis Armstrong New Orleans International Airport offers direct non-stop flights on British Airways four days a week to London Heathrow Airport. Today, Nashville announced new British Airways flight service to London. International flights use larger planes than domestic flights, carrying more passengers that must be processed through security and customs. Terminal design is crucial and can make KCI competitive; other airports are far superior.

#### Economic Driver

Thousands of people owe their jobs to KCI now. A conservative estimate of construction jobs is 8,000 over four to five years. Companies look at available air service and experience for their team and customers when locating or relocating their business headquarters. Currently, KCI is at a deficit. Although there are a number of factors in such decisions, Ronphos located in Johnson County and Boehringer Ingelheim located in St. Joseph, Missouri, have announced they will be moving their headquarters to Chicago and Atlanta, respectively. KCI’s terminal should never be the reason why a company leaves the area.

### Convenience + Amenities

KCI is the largest airport in the United States that does not have separated arrival and departure areas; activity takes place on the same level and areas become congested. In the new terminal, arrival and departure areas would be separated. Parking Lots B and C contain 4,264 spaces. Southwest and Delta passengers use Parking Lot B and beginning today or tomorrow, this lot will use a digital sign to indicate when full, typically mid-week. The new terminal concept includes a new 6,500 space parking structure. KCI is the largest airport in the United States that does not offer a USO [United Service Organizations] for military travelers. There are a large number of military users of KCI. A new single terminal would provide for improved convenience, livability and productive space, and a place to sit, dine and talk after clearing security; it would not be built just for a shopping mall.

A new single terminal built over old Terminal A. Approximately 160 daily flights operate from the 33 active gates of Terminals B and C. Terminals B and C would remain open until the new Terminal A opens. Los Angeles International Airport and LaGuardia Airport are in the process of terminal construction while remaining open. The concept calls for Parking Lot B to remain, likely becoming employee parking. At this time, employees park in satellite parking and use airport shuttles for travel from the satellite lots, which is highly ineffective and expensive. The new Terminal A would have 35 gates, expandable to 41 or 42 gates, built within the footprint of existing Terminal A. The new Terminal A will be right-sized for Kansas City, similar to and a bit larger than Dallas Love Field Airport. Dallas Love Field Airport has 18 gates handling 180 daily flights, 10 per gate.

### Security + Technology

The day after KCI opened in 1972 the aviation industry experienced an aircraft hijacking to Cuba and makeshift security was implemented at KCI thereafter. In 1972, 3.8 million passengers traveled through KCI and in 2016, 11 million passengers traveled through KCI. For 2017, 33,000 passengers per day for a total 12 million, are estimated to use KCI. As local citizens we know during low volume flight times, security clearance can be negotiated quite quickly. On the other hand, business travelers may encounter high volume and become delayed or stranded. Security threats have changed since 1972 and KCI's old terminals were not designed to meet current security requirements. Not every airline at KCI has a TSA pre-check line. After 9-1-1, interior walls were erected to create 36 ft. wide post-security areas having undersized restrooms and other undersized amenities replicated from the other side of the wall. The post-security areas are often crowded and do not reflect the quality of Kansas City. For example, low-cost carriers Frontier and Spirit share a secured waiting area. The carriers fly 130 to 135-passenger aircraft, but there are only 80 seats in the Frontier holding room. A window in the restaurant of the area has been modified in an attempt to provide more space, but it is not enough. Frontier plans to add a 240-passenger aircraft. Both first and last impressions are important and we want to reflect quality.

### Major League City

Air service is important to maintain Kansas City as a top destination for business, travel and people. Cities such as Denver, Colorado, and Charlotte, North Carolina, are looking to attain KCI status. Per cities such as Wichita, Kansas, Oklahoma City, Oklahoma, and Des Moines, Iowa, are investing in their airports. "A Better KCI" is going to work for future generations and be a timeless asset. The new single terminal will reflect Kansas City.

Paid for By Users/Region

To move the exciting initiative forward on the right path, funding must be addressed. Under each proposed funding plan, users of the airport will pay; funding will not be from general taxation. If you do not use the airport, you do not pay. Terminals in the United States are typically paid for by those that use the terminal. Approximately 88% of passengers traveling through KCI are not from the Kansas City, Missouri, coming from as far as Wichita, Kansas, or Des Moines, Iowa. Airlines have made a strong financial commitment via lease arrangements to have sufficient revenue to pay off public or private financing for construction of a new single terminal, nearly twice the industry standard of five years.

Airlines calculate a charge per passenger enplanement based on their leases. For Fiscal Year 2015, the airline passenger enplanement calculation for KCI was \$6.75. The calculation for a new single terminal would be \$8.67, still under the 50% percentile [\$9.01] and competitive among medium hub airports in the United States. For Fiscal Year 2014, Lambert International Airport in St. Louis, Missouri, had nearly the highest (\$14.79) passenger enplanement calculation of this size airport. Airlines are paying more to board passengers in St. Louis than in Kansas City, yet Southwest is expanding in St. Louis and throttling back at KCI. Fares are based on many factors such as demand, fuel and labor costs, and fares should not be impacted by construction of a new terminal. Fares at the Indianapolis International Airport have increased at the national average with a new terminal. During the same period of time, fares at KCI also increased at the national average.

Mr. Cowden stated he had facilitated a group of company executives five or six weeks prior. It was the first time using KCI for some of the executives. At the end of the business trip he had dropped the group at their terminal per their request, because they wanted to work for a few hours before departing. After the group returned home they contacted Mr. Cowden to inquire if and how concerns at KCI are being handled, since terminals at two other potential markets were being addressed.

The presentation concluded with a short video on KCI's initial successful creation as a vision for the future, doing the right thing to benefit all, and becoming a major world-class city. The world and security has changed since KCI opened in 1972. The airport now handles three times the number of passengers each year, security needs have evolved, other airports are advancing and Kansas City region's connection to the world is at stake; thus a new vision is needed for "A Better KCI" and a better region.

Councilmember Filla stated appreciation for KCI's 10,000 acre site, pointing out the St. Louis airport is landlocked without room to expand. She found it interesting that the St. Louis airport continues to beat out KCI. She asked if "reflecting Kansas City values" in the new single terminal would include having local vendors; Mr. Reardon agreed.

Councilmember Osman thanked Mr. Reardon and Mr. Cowden for the presentation and their many presentations given throughout the area. He stated his belief that a monumental effort would be needed to convince people on both sides of State Line. Though he was raised in Prairie Village and Leawood, he typically states that he is from Kansas City, regardless of boundaries. He expressed shame for the burden placed on Kansas City, without embracement and a coming together between counties and cities. There have been many bi-state issues. The state-of-the-art new Indianapolis Airport should have been in Kansas City. The Indianapolis Airport is easy to use and travelers want to arrive early to shop and dine.

Councilmember Osman recalled the experience of a close friend living in Kansas City, an experience he had previously mentioned to Kansas City, Missouri, Mayor Sly James a couple of weeks ago. This friend is now the Chief Executive Officer of a 400-chain restaurant group located outside of the area, with many employees per location. While in Kansas City, his friend had tremendous difficulty with travel to all locations and would not consider moving company headquarters to the area. His friend said business incentives are bantered around on both sides of the state line, but incentives are just a portion of factors to be considered. Councilmember Osman stated support of the initiative, but desired a long-term vision for additional gates, noting the Indianapolis Airport has the potential of 44 gates. He asked what can cities and counties do after the Kansas City, Missouri, vote to ensure a world-class project for the entire region.

Mr. Cowden stated Kansas City embodies true regionalism and support of the Kansas City Area Development Council is appreciated. Mr. Reardon agreed that Indianapolis and other regions are doing great things. He stated effort is being focused on true opposition that is not related to the State Line, but other regions. Dallas/Ft. Worth is going after Chicago and may be successful, based on population growth. The users of the airport drive what occurs at the airport and impacts airlines. After a probable November vote, it is hoped conversation will continue. There is no known formal process for input, except to engage in a broad community dialogue and then share with others. "A Better KCI" presentation can be made to any group if schedule allows. In general, since this is not about politics or religion, most people are willing to listen and understand without recoil. Mr. Cowden stated Johnson County has the largest number of airport users. It is important that all of us talk to neighbors and fellow citizens. There have been many improvements made at in the regional over the last 10 years leaving the best for last, a new single terminal airport.

Councilmember Rawlings asked for clarification of the voting process. Mr. Cowden stated only Kansas City, Missouri, voters would participate. Mr. Reardon stated the airport is operated as an enterprise and asset of the State of Missouri, state law requires a public vote if public funding is used. If private funding is used, a vote is not required. To place an issue on a ballot, 1,700 signatures are required. Mayor Sly James and Kansas City, Missouri, City Council have indicated there would be a public vote to preclude petition. Ballot language is being drafted and on target for development by the deadline of August 24. Public-private funding is proposed, requiring a simple majority of votes to pass.

Councilmember Sipple thanked Mr. Cowden and Mr. Reardon for an informative and enjoyable presentation. He inquired if the proposed \$1 Billion cost of a new single terminal would include the eventual demolition of Terminals B and C, and parking. Mr. Cowden stated there is no cost committal at this time, but the cost estimate for just the new terminal and parking is estimated to be "slightly south" of \$1 Billion. Actual proposals received two to three years ago were in this range.

Councilmember Sipple asked if there would be any changes to the existing roads coming into the site. Mr. Cowden stated the infrastructure surrounding the site now is adequate to handle 11 Million to 12 Million future passengers and would remain whether a new terminal is built or not. Building an entirely new airport with new runways and new egress/ingress would cost billions of dollars. Mr. Reardon stated the Greater Kansas City Area Chamber of Commerce has consistently advocated in Topeka and at the federal level for more infrastructure dollars be available to repair the metropolitan system.

Councilmember Osman asked if the Indianapolis Airport received any federal funding and if the KCI project could receive any federal funding. Mr. Cowden stated he was not familiar with funding used for the Indianapolis Airport, but he would research and provide this information at a later date. He stated officials in charge of the KCI project would investigate every potential funding source. Mr. Reardon stated that typically there are not large federal funding dollars available for terminal buildings, and the proposed funding model does not include large federal funding dollars for terminal construction.

Councilmember Cain thanked Mr. Reardon and Mr. Cowden for their presentation, and thanked the citizens for attending. She stated by serving as a member of the Leawood Governing Body for ten years, she is aware that careful planning and future foresight, 20 to 30 years forward, is crucial. This is one reason why Leawood is economically comfortable and can take care of infrastructure, and how we can bring in new corporations and grow. She noted there is great charm to our airport, but we must keep up with changing times and technology. It would be harmful not to take care of our asset and the potential for new opportunities. She asked what could be done to assist. Mr. Cowden stated beyond promoting an affirmative vote by Kansas City, Missouri voters, it would be helpful to share information from tonight's presentation, and directing inquiries and requests for all documentation tools to the "A Better KCI" website.

Mr. Cowden and Mr. Reardon confirmed to Councilmember Azeltine that ballot language would be ready in time.

Councilmember Azeltine asked if General Obligation Bonds would be issued for funding. Mr. Reardon stated there has been no funding pledge made by Kansas City, Missouri. There is a marketplace for aviation revenue bonds at competitive interest rates, solely based upon revenue generated at an airport. Most airports do not rely on cities for funding. Councilmember Azeltine asked if there is anything else that could be done to assist the initiative. Mr. Cowden stated it would be very helpful to share the information presented tonight, talk about needs and the WHY, and clarify facts. He pointed out that regional Economic Development Councils are formally endorsing.

Councilmember Harrison inquired if the question of WHO would be answered at a future time. She stated she had heard some confusing radio commercials. Mr. Cowen stated the initiative is not about the WHO. The best WHO would be determined by the Kansas City, Missouri, Council in the future and then supported by the Greater Kansas City Area Chamber of Commerce and the Kansas City Area Development Council. Mr. Reardon stated the Kansas City, Missouri, Council is going through the RFP [Request for Proposal] process now.

Councilmember Filla suggested the initiative's website should be added to all presentation and documentation tools. Mr. Reardon stated the website is [betterkci.org](http://betterkci.org) and Twitter feed is @betterkci.

Mayor Dunn stated the Leawood Chamber of Commerce Board of Directors had endorsed the new single terminal concept. Cities have not been asked to endorse, just Chambers. Education is important and the concept seems to have gained advocates tonight. She thanked the presenters and attendees, and stated the presenters would be available for questions in the City Hall Main Conference Room.

There being no further business, the meeting was adjourned at 7:19 P.M.

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Debra Harper, CMC, City Clerk

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Cindy Jacobus, Assistant City Clerk