

# Bond Case Briefs

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## Kansas City Joins U.S. Airport Boom With \$1.5 Billion Renovation.

- **Brutalist-style terminals from 1970s haven't kept pace**
- **The world of air travel has changed,' project developer says**

Kansas City Mayor Sly James will be on hand Monday to celebrate the symbolic destruction of an unloved landmark: his city's nearly five-decade-old airport, whose brutalist-style, poured-concrete terminals make it appear like a relic of a bygone age.

The \$1.5 billion, four-year renovation is the largest public works project ever in Missouri's biggest city and part of a growing construction boom by American municipalities that are overhauling airports built when "jet-set" was a synonym for the one percent.

Since the beginning of 2017, airports have raised nearly \$30 billion in the bond market to finance work needed to accommodate record numbers of passengers. Chicago is planning a major expansion for O'Hare International, once the nation's biggest. New York's LaGuardia is getting a major makeover. In Salt Lake City, the entire airport, with the exception of its runways, will essentially be rebuilt over the next five years.

Like many around the country, Kansas City's, which opened in 1972, isn't well-suited to the times.

Patrick Klein, director of aviation at the airport, said its three, separated U-shaped terminals — one of which is currently empty — are essentially "cement igloos" that don't allow it to add more restrooms, concessions, nursing areas or other facilities that travelers have come to expect. That's meant it has been largely unchanged since the opening, despite a nearly tripling in passenger traffic. The renovation will transform the three-terminal space into a single-terminal operation.

### **Behind the Times**

"These airports were designed with one-power outlet to plug in the vacuum for the cleaning crew," said Geoffrey Stricker, managing director at Edgemoor Infrastructure & Real Estate, the developer on the project. "The world of air travel has changed, security has changed, customer needs and terms have changed, technology has changed. Airports need to have modern facilities that are attractive to airlines."

On Friday, the airport completed a \$110 million debt placement with Morgan Stanley for initial costs, and the city council has approved about \$1.8 billion in bonds for the project. John Green, the airport's chief financial officer, said the first round of bonds — backed by the airport's revenue — will be sold in the "early to mid-summer."

Stricker, the developer, said the sheer scale and scope of the Kansas City project separates it from others. They're essentially constructing an entirely new facility with tarmac upgrades, a parking garage and a new road network to get to the facility, in addition to an entirely new terminal.

Officials in Kansas City hope the new airport will help draw corporate headquarters and talent from increasingly expensive coastal cities.

The condition of the airport is “adequate for a market this size” but has trouble competing with other regional epicenters like Denver or Dallas, said Tim Cowden, president and CEO of the Kansas City Area Development Council. “The airport didn’t give off the dynamism and vibrancy that the city has,” he said. “Now it will.”

### **Not Good Enough**

He thinks the airport was a reason Kansas City didn’t make the final list for Amazon.com Inc.’s second headquarters, which the city bid for. “Our airport and our air service was not up to par with the other regions that made it,” he said. “Now, as we have opportunities to compete for future projects, this new airport will allow us to compete on a level with other markets in our fighting weight.”

On Monday, Mayor James is expected to join airport, community and development officials to start the ceremonial demolition by hammering off a piece of the existing terminal — officially beginning the four-year endeavor.

### **Bloomberg Markets**

By Danielle Moran

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