



## The Future of Your Airport



FRESNO YOSEMITE  
INTERNATIONAL AIRPORT

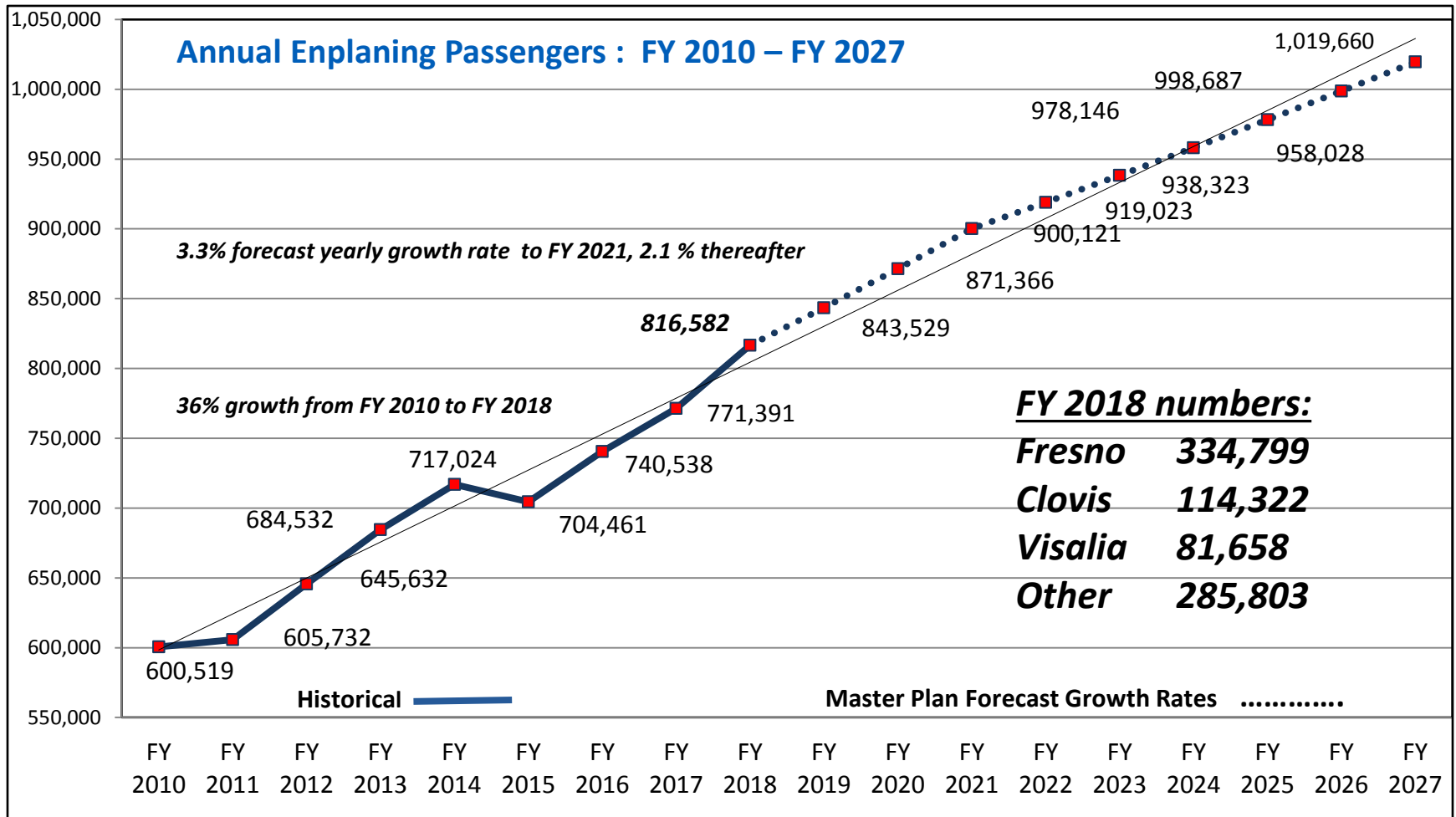


# 2018 Near Term Master Plan Recommendations

## Terminal and Parking Capacity Enhancements by 2022 \$115,000,000

- ***Parking Expansion (completion in 2022)***
  - Add 600 stalls, 2 decks, total 900 covered stalls
  - 3 levels
  - **Cost Estimate \$45,837,000**
  
- ***Terminal Expansion (completion in 2022)***
  - Expanded outbound baggage facility
  - Expand Security Checkpoint
  - New East Concourse: Two new dual use gates (Domestic/International)
  - New/Expanded International Arrivals Facility
  - Support and Concession Space
  - **Cost Estimate \$69,290,000**

## Accommodating Growth – Already at the Forecasted 2021 Level





## FAT's Economic Impact – Value to the Region

- **9,790 jobs\*** (direct, induced, indirect)
- **\$844 million** in annual economic activity
- **14%** 2018 growth over 2017
  - Added 483 new direct, induced and indirect jobs
  - \$56 million in annual economic activity
- **Continuing to grow...**

\*2018 data, including Airport generated, visitor industry generated and other real estate generated (office parks, gas/convenience stores, hotels)



## Accommodating Growth Requires Additional Revenue

- Will need approximately \$4.55 million in additional annual revenue
- Ensure we are capturing all revenue streams per industry metrics
  - Avoid paying users subsidizing non-paying or below standard users
  - All users must pay their fair and reasonable share
  - Subsidies and unequal treatment is prohibited
- Additional Revenue Sources
  - Parking
  - Airlines
  - Ground Transportation (TNCs, Taxis, hotel shuttles, etc.)
  - Reallocate Passenger Facility Charges (PFC) – local dollars stay local



## Preliminary Funding Plan & Estimated Debt Service for Master Plan Alternative (in 000s)

Funding Sources	Terminal Expansion	Parking Garage	Total
Airport Cash	9,403	10,837	20,240
Grants	15,435	-	15,435
Loan/Bond Proceeds	44,452	35,000	79,452
<b>Total</b>	<b>69,290</b>	<b>45,837</b>	<b>115,127</b>

Sources	Existing PFCs Higher airline rents Airport Cash	Parking rate increases	Total
<b>Est. Annual Debt Service</b>	<b>2,728</b>	<b>1,820</b>	<b>4,548</b>



## Accommodating Growth Requires a Comprehensive & Equitable Pricing Plan

Funding Sources	Current Rates	Study Recommendations	Proposed Rates	Effective Dates
<b>Airline Rates</b>				
Landing Fee Rate	\$3.09	Per FAA-compliant pricing methods		July 1, 2022
Terminal Rental Rate	\$56.58	Per FAA-compliant pricing methods		July 1, 2022
<b>Implement Parking Rate Increases (Parking Study)</b>				
Long-term Parking Rate	\$8.00	\$13.00	\$12.00	July 1, 2019
Garage Daily Rate	—	\$15.00	as recommended	July 1, 2022
Economy Lot (keep \$8 option)	—	\$8.00	as recommended	July 1, 2019
Short Term rate	\$1.00/20 minutes	\$3.00/hour	as recommended	July 1, 2019
<b>Initiate a Ground Transportation Rate and Operating Program (GT Study)</b>				
TNC Trip Fee	—	\$3.00 drop-off \$3.00 pick up	as recommended	July 1, 2019
Taxi, Hotel Shuttle, Limousine	—	\$1,000 per year driver or vehicle	Tiered: \$250, \$500, \$1,000	July 1, 2019



# Financial Feasibility Analysis

- **FAT financial position is very strong**
  - Bond rating (S & P) upgraded two notches during 2018 to *“A with Stable Outlook”*
  - Ensure airport financial metrics are within acceptable industry standards
    - Cost to airlines (4% - 6% of fare revenue)
    - Maintain required operating reserve (365 days per rating agency guidelines)
    - Investment grade debt service coverage ratio (at or above 1.7x)
    - Ability to fund ongoing facility maintenance program
- **Performed robust due diligence of the program – “Right-Sizing”**
  - Examined emerging technologies and potential changes in consumer habits (TNC’s, autonomous vehicles)
  - Examined the airports financial resources and its capacity to execute the program
  - Two special studies to measure financial risk: Parking and Ground Transportation
- **Developed a funding plan that confirms financial capacity for the program while maintaining continuance of healthy financial metrics**



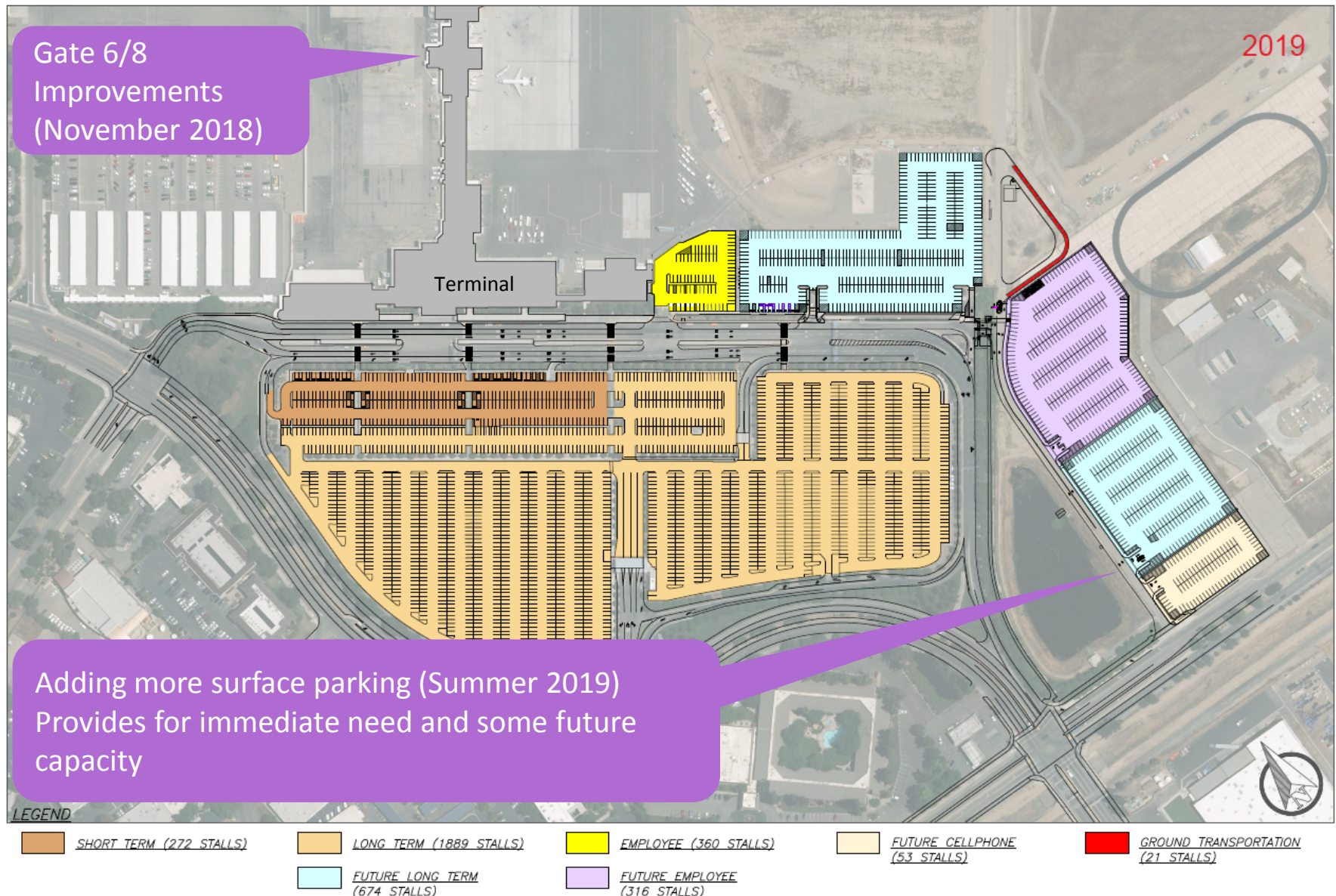
## Financial Path To Growth

All users of an airport must pay their fair and reasonable share for use of airport infrastructure and facilities (federal obligation)

- **Execute new airline lease and operating agreements**
  - Currently at 2.5% of fare revenue, new target between 4% and 6% (per industry metrics)
  - Airlines response: accommodating growth is necessary, keep costs within industry metrics
- **Ground Transportation (corporate focused)**
  - FAT is the US only airport that does not charge ground transportation providers for the use of airport infrastructure
  - All stakeholders must pay their fair share – TNC's, hotel shuttles, limousines, taxis, etc.
- **Parking**
  - New rate structure necessary (no change since 2000, diminished value)
  - Additional product offerings (covered, economy)

## Self Sufficiency/Recession Test

- **Recession Scenario Assumptions**
  - 12% drop in ridership, same as the Great Recession
  - 12% revenue reduction
  - Ability to fund ongoing facility maintenance program
  - Maintain required operating reserve (365 days per rating agency guidelines)
  - Debt service coverage ratio remains above legal minimum requirement of 1.25x
- **Recession Stress Test**
  - Debt service coverage ratio of 1.41x (maintain investment requirements)
  - Able to continue maintaining facilities in a operational efficient manner
- **Airport is able to maintain self sufficiency in accordance with federal obligations**





## Program Schedule

- **October 2018:** Airline engagement
- **January 2019:** Funding application package submitted (no commitment)
- **January 2019:** Council Workshop
- **February 2019:** Council Request/Action – Updated fee structure
- **February 2019:** Council Request/Action – Initiate environmental reviews
- **June 2019:** Council Request/Action – Initiate design (18 months)
- **February 2021:** Begin construction (18 months)
- **October 2022:** New facilities operational



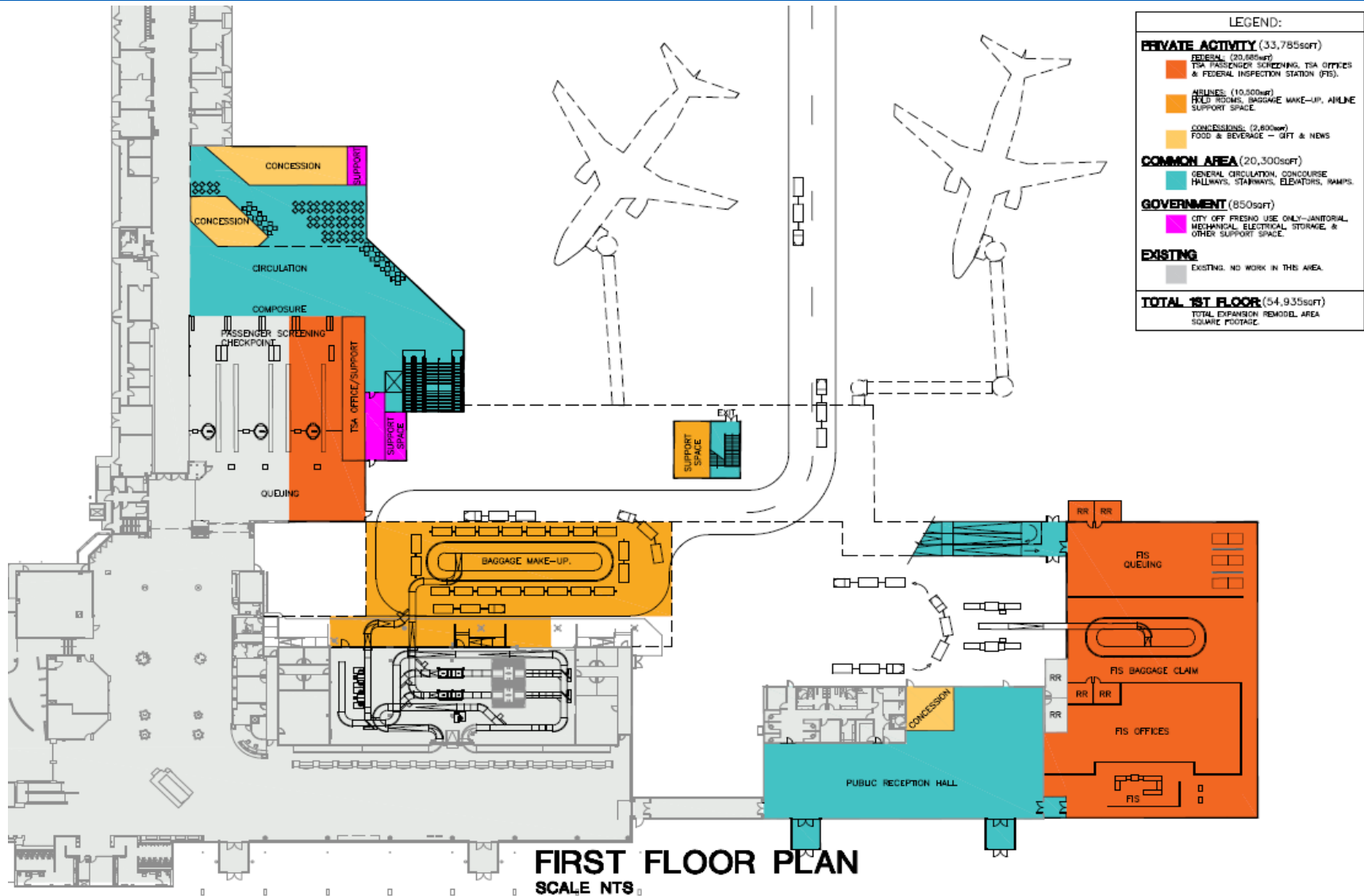
## Summary

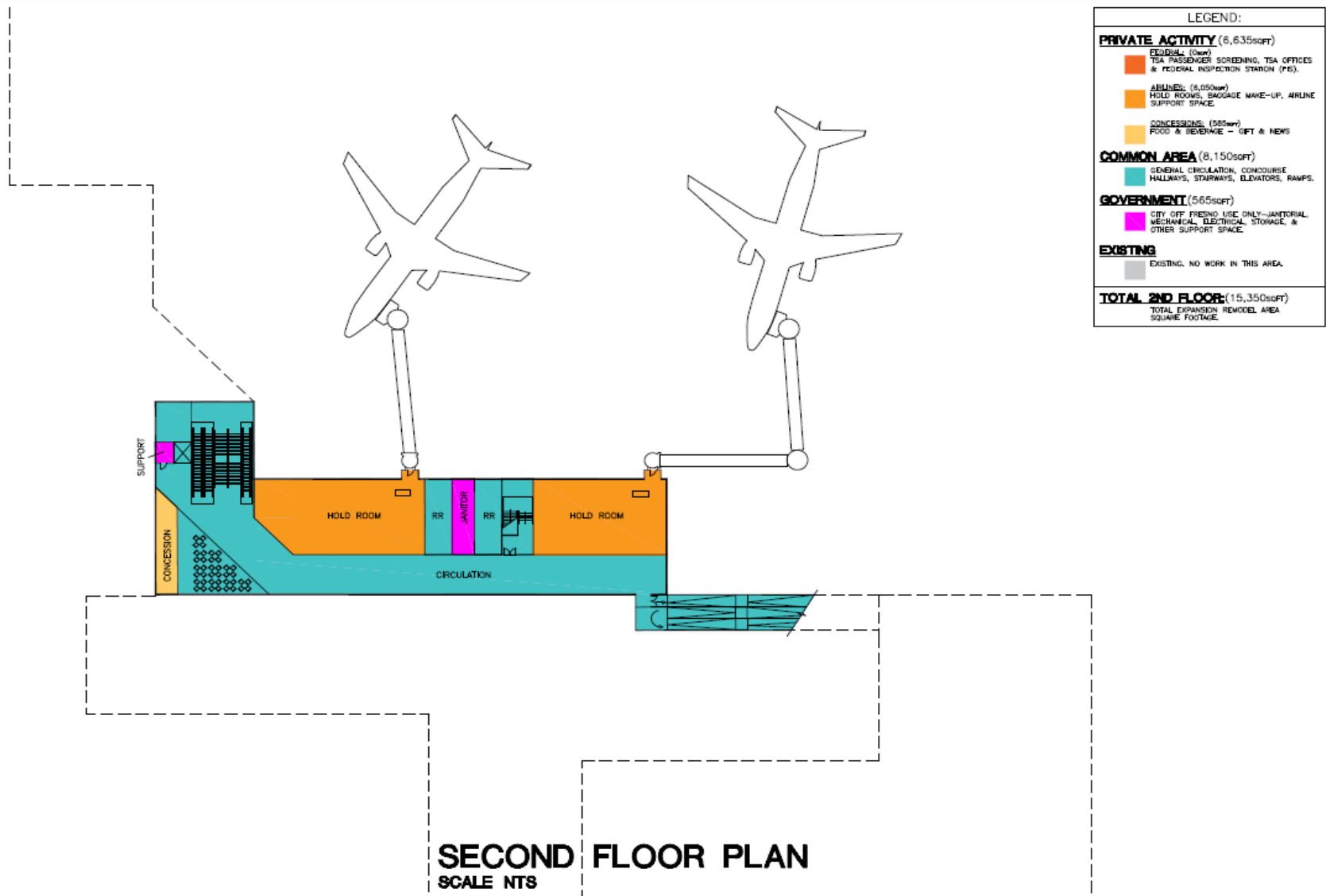
- FAT...
  - Serves as major global gateway to California's Central Valley
  - Contributes as a significant economic engine for the region
  - Requires facility and infrastructure expansion to accommodate growing demand
- The Master Plan Update ...
  - Confirms the Airport is experiencing high growth
  - Capacity expansion is necessary in the next 4 years in order for FAT to sustain the increasing demand of the Central Valley
- FAT*forward* is the largest undertaking in the history of the Airport
- Meeting the region's demand is doable in a responsible, reasonable and fiscally prudent manner



**Moving Fresno and the surrounding region forward**

# FAT Forward









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