



# Yes, Kansas City Government Uses Airport Funds

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*By: Patrick Tuohy*

Some members of the Kansas City mayor's airport advisory group spent [the end of their Feb. 11 meeting hand-wringing about misinformation \(starts at 1:27:08\)](#) . One item they were concerned about is the idea that money intended for the terminal can be spent on other city matters. Earlier in the morning, the group heard from FAA officials who discussed how diversion — using airport funds for non-airport matters — is a no-no ([starts at 11:06](#) ) .

Any airport revenue that's earned by the airport must stay on the airport to run, operate, maintain that airport.... What they can't do is take airport revenue and, say, send it down and help operate the city water department. That would be revenue diversion. The money has got to stay there at the airport.

Two days later, Kansas City Mayor Sly James [took to the radio to say the same thing](#) .

[Fees] that are generated at the airport stay in the airport, to take care of the needs of the airport... The money from the airport can't be used for streets and sewers and none of that... Airport money stays with the airport. If you don't spend it on the airport, it doesn't get spent.

This is demonstrably untrue; Kansas City does spend airport money on non-airport items. On July

1, 2010, the [Kansas City City Council passed Ordinance 100525](#) , which permitted the transfer of \$10.2 million from the Kansas City Aviation Department to the Finance Department. This was originally set to be paid back, with interest, by July 1, 2013.

[This is legal, we don't suggest otherwise](#) . But it makes hollow the claim that there is some sort of "firewall" between airport funds and city funds. According to the [original Memorandum of Understanding between the aviation and finance departments](#) , the funds were to cover "historical liabilities associated with various TIF projects." The city was borrowing from the airport to cover tax-funded investments that failed to pan out.

Even worse, the memorandum was [changed on April 4, 2013, to give the city more time to repay the loan and therefore incur greater repayment costs](#) . The deadline moved from 2013 to 2016.

New terminal supporters will respond that they mean that the \$1.2 billion raised through bonds cannot be used for city projects. This is meaningless. If the Aviation Department goes ahead with its proposal, there's no barrier from the city taking a future ~~diversion~~ loan. However, the odds are that the airport will be so burdened with debt that not only will it not be able to ~~divert~~ loan money to the city, it may not even be able to cover its own obligations. And that is when the new terminal will look like so many other Kansas City financial misadventures, such as Power & Light and the Citadel, siphoning off the general fund.

Whether the airport diverts money to the city or loans the city funds is largely academic. The point is that Kansas City benefits most from an efficiently run, debt-free airport. That is pretty much what we have now, that is what we ought to keep.

## About the Author



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[3] [http://cpa.ds.npr.org/kcur/audio/2014/02/UTD\\_2-13-2014\\_Mayor.mp3?origin=body](http://cpa.ds.npr.org/kcur/audio/2014/02/UTD_2-13-2014_Mayor.mp3?origin=body)

[4] <http://www.scribd.com/doc/206808849/KC-Ord-100525>

[5] <https://showmeinstitute.org/2013/08/about-those-aviation-department-funds.html>

[6] <http://www.scribd.com/doc/206814671/Initial-KC-Aviation-Finance-Memorandum-of-Understanding>

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