



KCI Airlines Links New Terminal Costs with . . . Service

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How many times have proponents of a new terminal at KCI told us that the costs of enplanements do not bear on ticket prices? The answer is *every time*. The goal might be to assure voters that nothing was going to change, and that they could confidently vote themselves a free airport.

The argument about ticket prices is so misleading that it could seem to be intentionally so. Consider this: Airlines pay rent to airports that is measured in terms of cost per enplanement (CPE)—in other words, per person boarding the plane. In 2016, Lynn Horsley wrote in [The Kansas City Star](#) ,

In 2015, based on an industry measurement, the cost of operating KCI was \$6.70 per enplaned (departing) passenger. With a \$970 million improvement project, which is the estimated cost of a new terminal, that cost per passenger boarding would bump up to about \$9.00 in 2015 dollars.

Since that story, the cost of the new terminal has more than doubled that \$970 figure. Will the new CPE really be \$18 or over? [This chart of the top 50 airports](#) ranked by CPE suggests that an \$18 CPE would make Kansas City International the 7th most expensive airport in the country. This is the higher cost that Allegiant and Spirit Airlines say they cannot bear. According to the [Star](#)

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Matt Klein, senior vice president and chief commercial officer for Spirit, said in his letter that Kansas City's aging airport should be updated and is "not befitting of a major U.S. city."

"However, we believe the current investment proposal is simply ... too costly for smaller new entrant carriers to bear and still deliver the value that we deliver to the community in terms of low fares," Klein said.

Allegiant's vice president of airports and government affairs, Keith Hansen, wrote to reiterate the airline's support for the project, but said larger airlines were expecting smaller airlines to shoulder an unreasonably large portion of the costs of operating the airport.

"Given that the terms for the new airport rates and charges agreement remain unknown and considering the larger carriers continue to reject equitable cost allocation, Allegiant cannot support the terminal development program at this time," Hansen said.

So . . . if KCI is too expensive for these low-cost airlines, [they may just stop serving Kansas City altogether](#) . Less competition at KCI will mean higher fares, higher parking fees, and so on to cover the monstrous amount of debt that a \$2 billion airport terminal requires. And if it is too expensive for the remaining airlines, they may also stop serving KCI. Who makes the bond payments then?

Taking on such a large amount of debt to build a new single-terminal airport includes a significant amount of risk—not just for the airlines and bond holders, but for the airport and the city itself. Giving taxpayers the impression that all of this is free is irresponsible and suggests a lack of candor from policymakers.

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