



# WEST VIRGINIA PUBLIC PORT AUTHORITY

# **ADDRESSING**

# **ISSUES**

Charleston, WV

Spring 1999

---

*Cecil H. Underwood*  
Governor

*Samuel G. Bonasso, P.E.*  
Secretary of Transportation

*Wilfred "Bill" Jackson, A.A.E.*  
Director of Port Authority

---

The following is a listing of the questions and statements of Yeager Airport in its recent circular. Each point contained in the Yeager Airport circular is followed by a brief response and comment by the Port Authority.

Representatives of Yeager Airport recently circulated a sheet of paper to members of the West Virginia House of Delegates Finance Committee. That sheet contained certain statements, arguments, questions and concerns about the proposed regional airport. Some of the issues and points raised are valid, while others reflect a less than complete or accurate understanding of the project. In all events, there are many good questions about the possible project which will have to be answered before any decision to build a regional airport can be made. That is precisely why the Port Authority is currently engaged in a detailed study and planning process, in accordance with FAA requirements and suggestions.

The Port Authority welcomes all questions and comments concerning the regional airport study process, and encourages all interested parties to engage in a full and thoughtful discussion and consideration of the many relevant facts and issues before reaching conclusions on the issues to be considered.

These issues and many others are deserving of more complete discussion and analysis than can be provided in this document, and the Port Authority welcomes the opportunity to provide a complete discussion and response to interested parties.

**Yeager Airport Statement No. 1.** *A new airport will increase ticket prices, not lower them. The new construction costs will have to be paid by taxpayers and airlines, who will in turn pass them on to passengers.*

**Response/Comments/Observations of the Port Authority.** There are numerous factors which affect the price of an airline ticket. There is significant evidence that the single most significant factor affecting ticket prices is competition among air carriers (or lack thereof) at a particular airport. Indeed, as demonstrated below, some airports with higher cost per enplaned passenger actually have much lower ticket prices than airports with lower cost per enplaned passenger. Through the construction of a new regional airport, the Port Authority is seeking to stimulate better service, increase competition, and **lower** ticket prices. There is ample evidence to suggest that these goals can be accomplished through consolidation of existing commercial air service, and appropriate planning for a facility which can stimulate job creation, increases in per capita income in the region and state, and economic development.

The Feasibility Update Study for the Regional Airport completed in 1995 determined the effect of the new airport on cost per enplaned passenger. This is the typical industry method of calculating costs. Below is a matrix, which compares the cost per enplaned passenger at the new Regional Airport with that of the existing airports in the region, and competing airports. This cost per enplaned passenger is demonstrated in the context of recent, representative airfares to Atlanta.

Facility	Cost per enplaned passenger ('95 data)	Ticket price to Atlanta*('99 data)	Savings over Charleston	Savings over Huntington
Regional Airport	\$8.42 (projected)	---	---	---
Yeager	\$4.31	\$457.00	---	+8.00
Tri-State	\$3.45	\$465.00	-\$8.00	---
Columbus	\$5.18	\$260.50	+\$196.50	+\$204.50
Cincinnati	\$9.75	\$204.00	+\$253.00	+\$261.00
Pittsburgh	\$9.94	\$255.00	+\$202.00	+\$210.00
Lexington	\$7.99	\$223.00	+\$234.00	+\$242.00

\* ALL Prices are based on two-week advance purchase and weekend stay; depart March 5 at around 8:00 AM, and return March 7 at around 4:00 PM. All tickets are coach fare and round-trip using DELTA AIRLINES. Atlanta is in near equal proximity to Lexington and Charleston/Huntington, and further from the other markets.

It is clear from the foregoing chart and other evidence which has been presented to the Port Authority that there is no direct correlation between ticket prices and facility charges.

Obviously, constructing a new airport will cost money. Issues surrounding the financing plan for a possible regional airport is discussed in greater detail below. The entire issue of financing options is an issue that will be undergoing intense scrutiny in the next phase of the study process.

**Yeager Airport Statement No 2.** *A new airport could cost nearly ten times what it will cost to improve Yeager airport. Yeager can be upgraded for under \$50 million, while a new airport when finally constructed, with new roads and infrastructure, will cost more than \$500 million.*

**Response/Comments/Observations of the Port Authority.** The cost to construct a new Regional Airport is not \$500 million. Studies prepared for the Port Authority shows the cost of a new airport, with total build out including a parallel runway system, all land acquisition, and all facilities as follows:

	Confidence	Evergreen Church	I-64	Mount Olive	Tri-State	Yeager
<b>Total Airport Buildout Costs</b>	<b>\$315,403,500</b>	<b>\$329,804,200</b>	<b>\$370,174,100</b>	<b>\$328,425,600</b>	<b>\$149,925,500</b>	<b>\$393,447,730</b>

As indicated in this chart, the total build out cost varies from site to site, but in no case does the cost equal \$500 million. Moreover, the Port Authority study reveals that the total build out cost for the site at Yeager is \$393 million, not the \$50 million suggested by Yeager. During 1998 the Port Authority did a detailed and complete study of project cost at Yeager, including a full digital terrain analysis of earth moving costs associated with various alternatives at Yeager.

Yeager's initial report supplied to the Public Port Authority showed initial Phase I cost at \$135,863,900. This included only partial facilities. The Port Authority believes that the \$50 million figure quoted by Yeager Airport is not a true apples-to-apples comparison for the total build out cost for the proposed facilities being considered at each site location. As the Port Authority understands Yeager's position, Yeager believes that a much smaller facility with a 7,000-ft. runway is sufficient. It is further the Port Authority's understanding that the \$50 million proposal noted by Yeager does not contemplate an initial phase 8700 ft. single runway, as the Port Authority's feasibility study has contemplated.

The Port Authority is considering a longer time horizon than Yeager apparently is, and with a view to possible expansion beyond an initial phase. The Public Port Authority continues to believe that the long term planning for a major airport is necessary. Yeager Airport officials have indicated their general agreement to the concept of long range planning in public hearings held with the Port Authority, though it appears that there may be some difference in viewpoint as to the appropriate long-term time horizon to use for planning purposes.

**Yeager Airport Statement No. 3.** *A new airport will dry up economic development funds for many years, that need to be used for infrastructure projects throughout the state.*

**Response/Comments/Observations of the Port Authority.** The regional airport study process is all about creating jobs, stimulating the economy, and improving infrastructure, income, and quality of life for all West Virginians. A successful project will dramatically **increase** -- not dry up -- funds available for all communities in West Virginia to build infrastructure. Published ACI (Airports Council International) data indicate that new jobs are created by airport infrastructure projects at the rate of 100 jobs per \$2,000,000 spent.

The proposed regional air project is not about dividing up the pie, but about growing the pie for all of us. A detailed study is underway to determine whether the project will do this for West Virginia. Preliminary Benefit Cost analysis suggests that considering all positive and negative effects from a possible new regional airport, such a facility will create significant new, net annual revenue for the region -- and therefore more jobs, more income, more tax base and more money available for infrastructure statewide.

The particular type of financing to be utilized by the proposed regional airport is yet to be determined, as this issue, too, is a subject of the detailed study process that is underway. It is premature at this point to predict the amount of state funds that might be

used in support of such a project, where such funds would come from, and other relevant facts to be able to accurately predict impacts on infrastructure monies.

**Yeager Airport Statement No. 4.** *The annual payback for a \$200 million bond, which most likely will be the state's share in building the new airport, is \$14.7 million. Who will pay this? Taxpayers or travelers, or both? Any way you look at it, taxes or ticket prices will increase.*

**Response/Comments/Observations of the Port Authority.** Once again, the suggestion contains many assumptions which are simply not grounded in fact, including specifically the assumption of a \$200 million bond issuance. Numerous financing options will be studied in upcoming detailed study process, and it is premature to talk about any specific level of bond issuance or debt repayment at this time.

Existing studies performed by the Port Authority do not support the suggestions set forth by Yeager Airport. A project Feasibility Update Study in 1995 assumed a contribution of state funds to the project in the amount of \$100 million, and a revenue bond issue which would be paid off by airport revenues in the amount of \$88,300,000. The \$88,300,000 was used in all calculations, as was the \$100 million from the State. Revenue sources were shown to offset the principal and interest payments on the \$88.3 million bond referendum flowing directly from proposed regional airport revenue. No immediate plan for the retirement of the \$100 million provided by the State was shown.

The Port Authority, as it progresses in its studies, will certainly investigate multiple sources of financial participation. In addition to federal, state and local monies which might be used for the project, as well as revenues from the operation of the airport itself being used to pay back any borrowing such as bonds, the Port Authority will also be studying such potential sources as private funds, and funds from other states which will share in the benefits of a the proposed regional airport.

Only if and after a final financing plan is developed would the true impact on any debt retirement be known. It is the Port Authority's intention to study and develop a full financial plan prepared as part of the FAA master planning process. The Legislature of the State of West Virginia will have significant input into and discretion concerning any proposed financial plan which is developed as a part of the FAA master planning process.

**Yeager Airport Statement No. 5.** *The new airport will not provide any better service than the service that is currently being provided at Yeager Airport. For example, Lexington Airport, which boards more than 500,000 passengers each year (more than double Yeager's boardings), flies to only eight "hub" airports (Yeager flies to nine) and only has 14 more total flights. South Bend, Indiana's airport, which also serves 500,000 passengers annually, flies to only eight "hubs" and only has six more daily flights.*

**Response/Comments/Observations of the Port Authority.** Because South Bend is not close to the Charleston area, it is unfair to Yeager to compare the cost of tickets to other cities. However, nearby Lexington's Bluegrass Airport does offer better prices to other markets, largely due to its higher number of boardings (following the laws of economics). Compare these prices for departing from Yeager and Bluegrass for the same cities on Feb 1 and 2:

	Depart Charleston		Depart Lexington		
<b>Arrive at:</b>	<i>Airline</i>	<i>Price</i>	<i>Airline</i>	<i>Price</i>	<i>Savings</i>
<b>Pittsburgh</b>	US Airways	\$623.00	Delta	\$418.00	\$205.00
<b>Dulles</b>	United	\$608.00	US Airways	\$463.00	\$145.00
<b>Atlanta</b>	Delta	\$872.00	Delta	\$748.00	\$124.00
<b>Chicago</b>	United	\$894.50	Continental	\$693.97	\$200.53
<b>Wash. Nat'l</b>	US Airways	\$700.00	US Airways	\$463.00	\$237.00

**Yeager Airport Statement No. 6.** *The location of Yeager Airport continues to attract significant economic development to West Virginia. Recently, Ticketmaster announced it will bring 700 new jobs to Charleston and the main reason the capital city was chosen: Yeager Airport's close proximity to the downtown area.*

**Response/Comments/Observations of the Port Authority.** The Port Authority congratulates Kanawha County's leaders for their hard work in attracting Ticketmaster, which included offering the organization \$1.2 million in incentives to locate here.

The Port Authority agrees completely with Yeager Airport's suggestion that airports attract and create economic development. Once again, that is one of the reasons for the detailed study of the potential of a possible regional airport. The Port Authority is also mindful of the losses that have resulted from poor air service in the region over the years, including most recently the loss of Ashland Oil's headquarters to the Cincinnati area. Ashland Oil publicly stated that inadequate and costly air service played a major role in its decision to move. The fact that companies that have come to our area as well as companies that have left our area cite air service as important underlies the importance of full and complete evaluation of the impacts -- both positive and negative -- of a possible new airport on the economic development potential of our region

The legislative mandate of the Port Authority is to take a regional approach to diversifying our economy and making it more competitive in the global economy. Jobs, economic growth, and improved quality of life are at the core of the Port Authority's study and analysis.

**Yeager Airport Statement No. 7.** *Yeager Airport, once its runway extension project (to 7,000 feet) is complete, will provide 180 acres of developable property. The I-64 site will provide 138 acres of developable property and the Evergreen location will provide 238 acres.*

**Response/Comments/Observations of the Port Authority.** The Port Authority studies show that development of the airport under study at Yeager Airport will provide 176 acres of developable land, compared to 138 acres at the I-64 site. This figure includes the developable land within the proposed property line footprint of the airport.

However, the Lincoln County site -- unlike Yeager -- offers significant additional developable acreage which is not constrained by barriers to such development that exist at Yeager. The fact that such acreage is needed is demonstrated by such documents as the Charleston Metropolitan Transportation plan prepared for the Regional Intergovernmental Council of Kanawha and Putnam Counties in 1996, which states in relevant part as follows:

“Because of the rough terrain, few easily developable industrial sites remain in the MSA. The best of these are located in the Kanawha River valley of Putnam County. Several industrial parks there have available acreage, and there are other as yet undeveloped industrial sites.”

The Public Port Authority believes that significant long-term development potential exists around several of the greenfield sites under consideration. The issue of developable land has been considered extensively by the Port Authority in its site selection analysis, and many of these considerations and others are reflected in work and review of the Port Authority.

**Yeager Airport Statement No. 8.** *The new airport, if constructed at I-64 or Evergreen Church, would only accommodate western West Virginia and portions of Kentucky and Ohio, while the rest of West Virginia will be forced to travel longer distance for air service.*

**Response/Comments/Observations of the Port Authority.** The estimated service area for the new Regional Airport includes a 16 county region in West Virginia with a combined population of 685,024 people, and a projected population of 911,431 in the year 2020 (data source: West Virginia University). These 16 counties are all part of Yeager and Tri-State’s service region. Fifty percent of West Virginia’s population lives at the fringes of the state. The largest sector of the state’s population lives in the Charleston/Huntington Metro Valley. Most importantly, airports at Beckley and Lewisburg well serve the remainder of southern West Virginia, while the airport in Parkersburg does an excellent job of serving the counties north of the Metro Valley. No West Virginians will be too distant from air service as result of a new airport in the Charleston/Huntington region.

**Yeager Airport Statement No. 9.** *One of the country’s foremost aviation experts, Michael Boyd, says the new airport isn’t needed. “In reviewing the traffic, airline, and other trends that would affect air service in West Virginia, it becomes clear that a new airport such as planned is not in the best interest of the state.”*

**Response/Comments/Observations of the Port Authority.** Mr. Boyd is famous for his “no-build” stance on airports across the country. In the past Mr. Boyd made predictions of demise for Denver International Airport and the new Northwest Arkansas Regional Airport. Both airports have become booming successes. The following are some examples of Mr. Boyd’s predictions and how they contrast with the actual results.

#### **Boyd’s Prediction**

Denver International Airport will be broke 18 months after opening and need federal money to bail it out.

#### **Actual result**

DIA has been successful beyond the scope of the most optimistic projections; bonds issued for the project have been upgraded several times; in 1998 DIA finished with a \$450 million net profit, the largest ever for DIA or Stapleton, the airport it replaced; and enplanements at DIA have already exceeded projections for the year 2000

**Boyd's Prediction****Actual Result**

No low cost carrier could exist at Denver International.

Frontier Airlines, a low cost carrier, not only exists, but is growing and expanding at DIA.

In a best case scenario DIA would only serve 34 million passengers by year 2000.

In 1998 DIA served 36 million passengers.

Northwest Arkansas did not need a new airport. Existing facilities served the region sufficiently.

The existing facilities were not expandable and could not offer jet service due to limitations. The new Northwest Arkansas Regional Airport now offers the region's first jet service.

No air carrier would move from the existing airport, Drake Field.

As of January, 4 of 5 airlines serving Drake Field have moved to the new airport.

A new airport would result in higher ticket prices due to higher landing fees.

Prices were unaffected by the higher landing fees. Some prices temporarily dropped due to introductory rates at the new facility.

Concerning the new Regional Airport in Fayetteville, Boyd was quoted in the Arkansas Democrat-Gazette as saying, "I'll say the same thing I said in Denver. This is nothing short of a boondoggle." Today both airports are thriving, and Fayetteville's new facility: Has run out of ticket counter space; is enplaning 73% above projections; is now building a longer ramp, and is in need of more parking.

### **Yeager Airport Statement No. 10.** *Yeager Airport is Already the Regional Airport*

**Response/Comments/Observations of the Port Authority.** Unfortunately almost 60% of the market does not agree. Not only does Yeager lose much of the Kanawha Valley market, it is not a regional airport for the larger Huntington area, which is served by Tri-State Airport, and also suffers leakage. Yeager Airport currently boards 260,000 passengers annually, but the Metro Valley region population is 562,983. However airports in other markets which are smaller than the Charleston area by itself board more than double their existing population and also more than double the Kanawha Valley's. They include Lubbock, TX; Manchester, NH; Odessa/Midland, TX; and Portland, ME, as well as Yeager's cited comparison, South Bend, IN.

**Yeager Airport Statement No. 11.** *Yeager Airport's passenger boardings have increased 20 percent over the past three years, recapturing most of the air travelers who were going to Columbus or Pittsburgh. Yeager expects the passenger usage to level off over the next year.*

**Response/Comments/Observations of the Port Authority.** Yeager has made great strides in the past three years, boosted by the Regional Airport debate. Yeager's sudden growth of 40,000 flyers regains only 4% of the market—exactly the number needed to contribute to the success of a new Regional Airport. Moreover, any assertion of fully reclaimed leakage is mocked by the presence (for the past three years) of billboards in

Charleston, which advertise Port of Columbus Airport, and that facility's website claiming passengers from West Virginia.

**Yeager Airport Statement No. 12.** *Yeager airport has added nine new jet flights in the past year.*

**Response/Comments/Observations of the Port Authority.** Once again, the Port Authority commends Yeager Airport for this success. The Port Authority is well aware of the trend toward the use of regional jets, and has studied and continues to study airline and air travel trends affecting the region and the state. That is what the entire planning process is about -- planning for the future.

The Port Authority notes that before deregulation took effect in 1978, Yeager's boardings were 281,119. After deregulation in 1980, the figure dropped to 225,974. As late as 1995 the boarding figures were 219,721, and Yeager lost much of its jet service. The Port Authority believes that airline trends toward the use of regional jets, the current public debate over air transportation in West Virginia, and Senator Rockefeller's air service summit on state airports and leadership in dealing with top airline officials, all have or may have played a role in the positive development that the use of regional jets at West Virginia airports has meant for West Virginia air travelers. The Port Authority believes that it is imperative to continue to assess how to improve air travel in the region and state.

**Yeager Airport Statement No. 13.** *Yeager Airport is only serving at 48 percent capacity and could accommodate more than 500,000 passengers annually.*

**Response/Comments/Observations of the Port Authority.** The Port Authority study process has considered this and many other factors. Air traffic has grown significantly over the past 20 years or more nationally, yet Yeager Airport and Tri-State Airport, as well as most airports in West Virginia, have not shared in this growth pattern. There are many potential reasons for the fact that Yeager Airport has not achieved significant market capture, and these are being considered. Projections for future air traffic growth, economic development potential, and many other factors and criteria have formed the basis of the Port Authority study process, as well as the ability of potential sites under consideration to provide the best ability to meet anticipated needs and growth. Yeager was one of six sites under consideration against the criteria which the Port Authority adopted, and the ability of Yeager to serve future needs has been considered in detail.

**Yeager Airport Statement No. 14** *Four major highways (I-64, I-77, I-79 and Route 119) converge at Charleston, not Putnam or Lincoln Counties.*

**Response/Comments/Observations of the Port Authority.** In the next decade these highway proposals are projected for completion:

- US 35 in Putnam County will be upgraded to four lanes.
- Interstate 73/74 connecting Huntington with Cincinnati, Columbus, and Detroit to the north and west, and Winston-Salem, Myrtle Beach, and Charleston, SC to the south.
- Route 2 out of Huntington upgraded to four lanes.

With the completion of these projects, the region's transportation infrastructure will be dramatically improved; bringing new economic strength and vitality to **all** parts of our region. The Port Authority has actively considered road, water, rail, and air facilities -- both existing and planned -- in connection with its planning process. The existence and



locations of the highways referred to is well known to the Port Authority, and is being considered in the study process.

***Yeager Airport Statement No. 15.*** *A \$50 million extension of Yeager's runway will allow the airport to serve the region's needs for the next 20 to 25 years.*

**Response/Comments/Observations of the Port Authority.** As stated in previous answers, the Port Authority understands this figure will not allow an initial phase 8700-ft. single runway, which feasibility studies contemplated. The Port Authority is viewing a longer time horizon than Yeager is, and the Port Authority believes long term planning is necessary in the planning of a major airport.

### Summary

The West Virginia Legislature created the Public Port Authority to maximize the potential of intermodal facilities, develop water ports, and improve the air service conditions around the state. The Port Authority plans to review all options of any project, which would give West Virginians the greatest possible benefit at the best cost.

With regard to the regional airport study process, the Port Authority is seeking ways to create jobs, stimulate the economy, and improve airline service through the implementation of this project. Studies prepared for the Public Port Authority by Economic Research Associates indicate a significant positive impact to the state as a whole through the construction of a Regional Airport, even including the offsetting impact which would be experienced at Tri-State and Yeager. Much further updated and detailed study of all these factors and issues are contemplated upon site selection.

A significant factor to consider is the fact that the Charleston/Huntington region currently loses 60% of its flyers to airports outside the state. Fayetteville, Arkansas' former Airport, Drake Field, experienced an estimated 22% leakage to airports in Tulsa, OK, Memphis, TN, and Kansas City, MO. However the new Northwest Arkansas Regional Airport has alleviated much of that problem. The Port Authority is studying ways in which to alleviate the current leakage of air travelers from the Charleston-Huntington area.