

# Council Comments:

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### DETROIT METROPOLITAN WAYNE COUNTY AIRPORT

**The Referendum** On November 6, 1990, Wayne County voters will be asked to approve or disapprove a Metro Airport Bond Referendum:

Shall the Charter County of Wayne, Michigan, issue and sell one or more series of Subordinate Lien Airport Revenue Bonds, in an amount not to exceed One Hundred Million Dollars (\$100,000,000) for the purpose of paying part of the cost of acquiring and constructing extensions and improvements to the Detroit Metropolitan Wayne County Airport, paying capitalized interest and cost of issuance and funding one or more reserve funds therefor, and with said bonds payable from the net revenues of the Detroit Metropolitan Wayne County Airport?

YES \_\_\_\_\_ NO \_\_\_\_\_

These revenue bonds are repaid only from the income derived from the airport, and do not require tax support. As stated in the description of an earlier 1990 issue,

[t]he principal of, and interest and premium, if any, on the Series 1990A bonds are not payable from the general funds of the County, nor shall the Series 1990A Bonds constitute an indebtedness of the County within any constitutional, statutory, or charter limitations. Neither the credit nor the taxing power of the County is pledged for the payment of the principal of, or interest or premium, if any, on, the Series 1990A Bonds...

The revenue bond act, Public Act 94 of 1933 as amended, authorizes the issuance of revenue bonds without a vote of the people and requires that the issuing body publish a notice of intent to issue bonds. However,

[i]f within 45 days after the publication of the notice a petition, signed by not less than 10% or 15,000 of the registered electors, whichever is less, residing within the limits of the borrower, is filed with the clerk, or other recording officer, of the borrower, requesting a referendum upon the question of the issuance of the bonds, then the bonds shall not be issued until approved by the vote of a majority of the electors of the borrower qualified to vote and voting on the bonds at a general or special election.

The referendum on this issuance of bonds was prompted by concerns over the increased amount and changed pattern of jet airplane noise coming from the airport as a result of increased air traffic and of changes in the flight patterns of aircraft.

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**Existing Metro Airport Debt** Long-term debt currently outstanding for the airport totals \$378 million, of which \$74 million issued prior to 1970 is guaranteed by the unlimited taxing authority of the county and \$304 million issued after 1984 is in the form of revenue bonds lacking county government guarantees. No Metro Airport bonds were issued from 1970 through 1984.

In 1985, the county embarked on a long-term modernization and expansion program. The bonds sold in 1986 and in July of 1990 were issued pursuant to a 1986 Notice of Intent to sell \$250 million of Airport Revenue Bonds. There was no referendum on that proposal. There are about \$36 million of unissued bonds remaining from that authorization.

There is no statutory limit on the amount of revenue bonds that may be issued for the airport; the market sets the limit. Although the county guaranteed the bonds issued prior to 1970, all debt service for those airport bonds has been paid from airport revenues.

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING METRO AIRPORT BONDS  
(in Millions)**

1990	\$17.0	1995	\$30.1	2000	\$29.1	2005	\$ 26.2
1991	27.6	1996	29.9	2001	28.1	2006	26.0
1992	29.5	1997	29.6	2002	27.9	2007	25.8
1993	30.6	1998	29.4	2003	26.7	2008	25.6
1994	29.9	1999	29.4	2004	26.5	2009-2020	209.4

**Proposed Use of Bond Revenues** Approval of the bond proposal will commit the use of the \$100 million to the broad category of “extensions and improvements.” Bond proceeds will not be restricted to the five projects now being discussed:

1. Public Parking .....\$ 38.0 million  
Completion of Phase I, demolition of parts of existing deck and construction of additional replacement parking structure.
  2. Storm Water Management/Glycol Program.....\$ 25.1 million  
Glycol separation and containment; enlargement of Pond 6 and on-airport drains and new pump station for Pond 6; elimination of Pond 5; professional fees.
  3. West Parallel Runway .....\$ 14.3 million  
Preliminary design and road relocations.
  4. Noise Control .....\$ 2.2 million  
Design and construct southeast noise berms with soil excavated from crosswind runway; establish and equip noise monitoring office.
  5. Anticipated Costs of Issuance and Required Deposits:  
Capitalized Interest.....\$ 9.3 million  
Bond Reserve Fund .....\$ 6.6 million  
Discount and Issuance Cost ..... \$ 4.5 million
- TOTAL.....\$100.0 million

The airlines that use the airport fund the operation of the airport and guarantee repayment of airport bonds; these airlines, as well as the county commission, must approve all capital projects. Airport concessions such as parking and restaurants generate revenues that reduce the amounts that the airlines must pay to support the airport. The Federal Aviation Administration (FAA) has issued a letter of intent to contribute \$185 million to fund portions of some of the airport capital projects included in the long-range modernization and expansion plan.

**The Modernization and Expansion Plan** Expansion of the airport is considered an essential economic development tool, “a catalyst for tremendous economic growth in the coming decade,” by county officials. The major components of the proposed expansion, which could cost in the vicinity of \$1 billion or more, include:

- Construction of a second east-west runway
- Construction of a south airport access roadway
- Construction of a new south terminal complex
- Construction of a fourth north-south runway

**The Noise Issue** The critical issue in this bond sale is not financing: if these bonds are sold, taxes will not be raised and county residents will not be required to fund debt retirement. The critical issue in this bond sale is the perceived conflict between protecting the quality of life in some areas in western Wayne County and promoting economic development through airport expansion.

Opposition to the bond issue is designed to force the county to address issues of aircraft noise control and pollution as part of the airport expansion and modernization project, which is expected to increase the volume of air traffic.

**VOLUME OF AIR TRAFFIC AT METRO AIRPORT**

<u>Year and Assumption</u>	<u>Operations Per Day</u>	<u>Operations Per Year</u>	<u>Millions of Enplanements</u>
1989 Volume	1027	374,500	10.5
2005 Without Modernization	1490	544,100	18.0
2005 With Modernization	1713	625,400	22.0

An “operation” is an aircraft takeoff or landing. An “enplanement” is a passenger departure. Connecting passengers are estimated to have accounted for more than 31% of all passengers enplaned at the airport in 1989.

Major Metro Airport facilities--terminals and runways--were constructed by 1955. In 1984, Republic Airlines established a hub at Metro, increasing air traffic, and the airport master plan was updated to include increased runway capacity and development of a south terminal. In 1986, a major bond issue funded construction of several terminal and airfield improvements, Northwest and Republic merged, and Northwest took over the existing hub operation.

To insure the safety of the increased air traffic the FAA on November 16, 1989, implemented new flight paths and patterns for aircraft using Metro Airport. Departing aircraft using the north-south runway in a northerly direction now fly over western Wayne County communities (Dearborn, Livonia, Westland) that were not, in the past, affected by noise from the airport. (A

preferential south flow pattern has been implemented, which directs the noise over the more sparsely populated area south of the airport.) The situation in these communities is exacerbated because departing passenger jets now climb to an altitude of 10,100 feet within a ten-mile radius of the airport at full thrust. In addition, arriving flights now approach Metro Airport at a higher altitude and use reverse thrust to assist landing, creating more noise. Noise problems in communities nearer to the airport (Taylor and Romulus) are caused by ground run-up, the most serious of which is the testing of engines after maintenance, generally at night.

The proposed noise berms may alleviate somewhat noise caused by ground run-up. Nighttime testing restrictions would impair the efficiency of airline maintenance, which is usually performed at night. Requirements for construction and use of hush houses and construction of blast walls might reduce ground noise. Possible solutions to overhead noise problems include changing flight patterns (a task force of FAA and Wayne County personnel is studying this issue), nighttime landing curfews, adoption of noise ordinances and noise monitoring, conversion to quieter Phase 3 aircraft, installation of hush kits on Phase 2 aircraft, restrictions on the types of aircraft that can land at Metro Airport, and for homes in the areas most intensely affected by noise, property acquisition, property purchase assurances, and installation of soundproofing. Only the design and construction of southeast noise berms with soil excavated from the second east-west, crosswind runway and the establishment and equipping of a noise monitoring office for a total of \$2.2 million are included in the proposed \$100 million bond sale.

**Conclusion** The \$100 million bond proposal now before the voters allows the airport to continue an expansion and modernization program begun in 1985. The projects that will be included in the program must be approved by the airlines that support Metro Airport and by the Wayne County Commission. Revenues from these airlines and from airport concessions, rather than Wayne County taxpayers, will repay the bond debt.

This referendum was initiated to force the county to address citizen concerns about noise and pollution resulting from increased air traffic and changed flight patterns and concerns that these problems will be exacerbated by the proposed airport expansion and modernization project.