

The City of Lee's Summit
Action Letter
Board of Aeronautic Commissioners

Monday, February 6, 2023

7:00 PM

Council Committee Conference Room 1-114

City Hall

220 SE Green Street

Lee's Summit, MO 64063

1. Call to Order

Chairman Townsend called the Feb. 6, 2023, Board of Aeronautic Commissioners meeting to order at 7:09 p.m.

2. Roll Call

Staff present were Mark Dunning, City Manager; Mike Anderson, Deputy Director of Public Works; Joel Arrington, Airport Manager; Jeff Penfield, Assistant Airport Manager; and Cynthia DeShazo, Administrative Assistant. One guest in attendance was Scott Siems.

Present: 8 - Chairperson Tom Townsend
Vice Chair James Brady
City Council Liaison John Lovell
Commissioner Bill Haley
Commissioner Phil Mall
Commissioner Darryl Nelson
Commissioner Joseph Towns
Commissioner Kirk Fletcher

3. Approval of Agenda

A motion was made by Commissioner Mall, seconded by Vice Chair Brady, that the agenda for Feb. 6, 2023, be approved. The motion carried unanimously 7-0.

4. Public Comments

Mr. Scott Siems introduced himself as a graduate student in Lee's Summit and an Air Force Reserves pilot interested in the Airport.

Mr. Mark Dunning, City Manager, discussed the upcoming no-tax increase bond issue which will be on the April 4, 2023, ballot. Information on projects and initiatives can be found on the Dec. 6, 2022, City Council Regular session agenda on the City's website. Materials were also handed out listing the bond initiatives and projects.

Mr. Mike Anderson, Deputy Director of Public Works, discussed changes to the Code of Ordinances Chapter 6, Aviation and responsibilities for the BOAC. These amendments were approved at the Dec. 20, 2022, City Council meeting

and went into effect Jan. 1, 2023. The four-year term changed to a three-year term, and any Board member shall be entitled to serve the remainder of their appointment. The Councilmember will no longer be a voting member and the Board shall consist of nine voting citizen members. The Board may make recommendations for rules and regulations subject to approval by the Council for use of the Airport.

5. Business

- A. [2023-5401](#) Approval of the December 5, 2022, BOAC Action Letter.

A motion was made by Commissioner Mall, seconded by Vice Chair Brady, to approve the December 5, 2022, Action letter. The motion carried unanimously 7-0.

- B. [BILL NO. 23-043](#) An Ordinance approving Modification No. 3, to the agreement with Crawford, Murphy and Tilly, Inc. for On-Call Professional Planning & Engineering Services for the airport (RFQ No. 2020-067) in the amount of \$59,000.00, and authorizing the City Manager to execute an agreement for the same. (BOAC 2/6/23 & PWC 2/13/23)

Mike Anderson, Deputy Director of Public Works, presented on the Modification #3 noting the drainage ditch and vegetation finally took hold on the north side. This freed up money to go ahead with Taxiway Bravo and Charlie to be resealed as well as Runway 11/29 sealing and pavement replacement.

The Commissioners reached a consensus to forward this Ordinance to the Public Works Committee with a recommendation for approval.

- C. [BILL NO. 23-045](#) An Ordinance authorizing the execution of a Missouri Highways and Transportation Commission Airport Rescue State Block Grant Agreement by and between the City of Lee's Summit, Missouri and the Missouri Highways and Transportation Commission, granting federal funds in the amount of \$59,000 for airport operational and maintenance expenses and authorizing the Mayor to execute an agreement for the same. (BOAC 2/6/23 & PWC 2/13/23)

Mr. Anderson noted this was round three of some COVID funds the federal government was giving to aviation to help with operating costs.

The Commissioners reached a consensus to forward this Ordinance to the Public Works Committee with a recommendation for approval.

- D. [BILL NO. 23-044](#) An Ordinance approving a State Block Grant Agreement for eligible preliminary project costs towards the preparation of the Runway 11-29, Taxiway Bravo and Taxiway Charlie Reseal, Joint Seal and Remarketing project for the Lee's Summit Municipal Airport between the City of Lee's Summit, Missouri, and the Missouri Highways and Transportation Commission in the amount of \$59,000.00 and authorizing the Mayor to execute an agreement for the same. (BOAC 2/6/23 & PWC 2/13/23)

Mr. Anderson discussed that this grant money goes along with the modification No. 3 with Crawford, Murphy and Tilly for \$59,000. The grant money was from 2021 federal grant money and the City just needs to enter into the agreement

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to receive this money.

The Commissioners reached a consensus to forward this Ordinance to the Public Works Committee with a recommendation for approval.

- E. [RES. NO. 23-04](#) A Resolution authorizing the submittal of an application for entry into the Federal Contract Tower Program for the Lee's Summit Municipal Airport. (BOAC 2/6/23 & PWC 2/13/23)

Mr. Anderson noted Phase Two of the Master Plan Update included a feasibility study for an Air Traffic Control Tower. The Crawford, Murphy and Tilly (CMT) study forecasted growth and was presented to the Missouri Department of Transportation (MoDOT), which administers the FAA program for Missouri for review and approval. This is just a resolution of support to join the Federal Contract Tower Program. The FAA will need to conduct their own study now.

Chairman Townsend asked if the state has endorsed the CMT study, and Mr. Anderson answered yes and that a letter from the State of Missouri is included in the packet with the application.

The Commissioners reached a consensus to forward this Resolution to the Public Works Committee with a recommendation for approval.

- F. [2023-5434](#) Presentation: Airport Financial Report - Fiscal Year 2022 Wrap Up

Mike Anderson, Deputy Director of Public Works Operations, presented the Airport Financial Report for Fiscal Year 2022. Fund 510 the Airport Operating Fund and Fund 321 the Construction Fund were further explained. Note line item 29 depicting "Net income (loss) adjusted for depreciation expense." In 2021, anticipated grant reimbursements on projects to the East side apron and Runway Sealing had not started yet and the City did not get those grant reimbursements, so that is why you see the red losses. The report is through June 2022, showing the Airport fund with an operating loss of \$1,108,806. The fund has net operating revenues of \$2,703,839 against expenditures of \$3,812,645. Non-operating items and transfers brought the fund to a year-to-date net loss of \$773,872. When depreciation expense of \$1,004,401 is excluded (added back), the net income adjusted for depreciation is \$230,529.

Due to the new Government Accounting Standards Board (GASB) 87 long term leases are now not reported as an operating revenue. They are reported as interest income, line #18. Thus per Mr. Anderson if you look at Operating revenues and Operating expenses, put back in depreciation and the lease agreements, then for Fiscal Year 22 the Airport was \$14,298 in the black.

Chairman Townsend noted this is not a huge margin above neutral. Mr. Anderson indicated you need to also look at the entire picture. While it was just reported the Airport is operating in the black, this does not include general and administrative

(G&A) costs. The City made the decision to forgive the G&A costs as an investment into the Airport. While it is in the Airport's Business Plan to ultimately cover the G&A expenses, we are not there yet. Mr. Anderson referenced a 2012 MoDOT Economic Impact Study that indicated the Lee's Summit Airport generated \$9.2 Million in economic activity on an annual basis. This was before the runway was extended. Mr. Anderson was hopeful MoDOT would update the 2012 study as the Airport impact would be significantly higher today. Mr. Anderson opened up discussion on the financial report.

Commissioner Mall requested the add back depreciation line to be provided, and to clean up the graph to depict lease agreements. Vice Chair Brady noted that his first focus is line item 29 depicting "Net income (loss) adjusted for depreciation expense." There is a huge value that the Airport brings to the City. The Commissioners appreciated the financial report.

Chairman Townsend asked if the Airport will raise rents and fuel prices. Mr. Anderson noted this is a good segue in to Airport Manager Joel Arrington's update to agreements during the Staff Report.

This Presentation Item was received and filed.

G. [2023-5435](#) Staff Report, Fuel Sales & Fuel History

Joel Arrington, Airport Manager, noted Airport staff periodically in the past did hangar inspections once per year. This year staff did the same thing and had different staff inspecting and noted things that are not safe such as electric heaters plugged in which are not monitored. Staff immediately re-inspected and sent out letters to the tenants reminding them of the lease agreements prohibiting portable electric heaters. As such, staff are now performing safety inspections on all hangars once per month to make sure customers are compliant. Additionally, the cost of the electricity was unacceptable. Mr. Arrington addressed fuel sales in conjunction with hangar rentals. Mr. Arrington is going through the lease agreements to make wording more clear from a revenue perspective, and addressing the definition of non-aeronautical property.

Commissioner Fletcher noted this is crazy to fathom especially with storage facilities in and around the City. Mr. Arrington agreed that this is a real problem. In order for the Airport to operate efficiently, the Airport needs the revenue from hangar rentals, the fuel sales, airplanes flying to support the maintenance shops and even the flight schools to an extent. Staff is currently working through the concerns and non-aeronautical property being stored in the hangars will be addressed. The definition of "non-aeronautical property" will be further described in the lease agreements. Renters will need to have a minimum of three feet around a fire extinguisher and portable electric heaters are prohibited. Any electrical usage beyond the operation of electrical doors and lights will be on each renter, and will be re-defined.

Vice Chairman Brady asked if the City is using the FAA policy which was written in 2017 in the compliance manual, noting that the Airport lease agreements need to be in line with the FAA policy. Mr. Arrington noted most of the concerns in the hangars were safety concerns. Mr. Arrington compared how other area airports handle these types of issues, and asked the commissioners for more discussion notably on 1) should the Airport require proof of an annual inspection and insurance. 2) Should the Airport require more than the 50 gallons of fuel sales to each hangar rental client?

Commissioner Fletcher pointed out that experimental aircraft does have different requirements and he is ok with requiring annuals, and bumping up the minimum fuel sales requirement. Vice Chair Brady noted he is not in agreement with requiring an annual as there are many caveats to requiring that. Mr. Arrington notes that currently in the lease agreement it is noted that aircraft needs to be under constant progression if it is being annually inspected, some could be waiting on parts, maintenance, repaired, then annuals could be pushed back. Commissioner Haley noted the policy does need to be worded in the lease agreements showing support for the Airport.

Commissioner Nelson asked if the City has even taken any action similar to this incidence? Mr. Arrington answered that this could be the first that he will be getting ready to take action on since he has been with the Airport. Commissioner Nelson further elaborated that staff might consider sending out notice to all tenants stating they need to be in compliance with policy. Mr. Arrington agreed and noted staff is beginning that process, reminding tenants of the policy. More discussion took place on required insurance, and Chairman Lovell noted there are products out there which are forced placed and managed by a third party. Chairman Lovell also noted that possibly staff needs to do a cost comparison with other area airports on costs of the rental hangars to maximize revenues. Mr. Arrington noted that staff has recently done cost comparison as they are working on this year's budget projections.

Mr. Arrington then presented fuel sales for the month of Jan. 2023. Jet A was 29,697 gallons which was the best month to date. Chairman Townsend asked what happened in the month of Nov., and why fuel sales dropped. Mr. Arrington answered he was not sure but other airports around the metro also dipped, quite possibly due to not much holiday traveling. 100 LL is trucking right along. A big jump was seen in MoGas. Fuel pricing is seeing wild swings.

This Presentation was received and filed.

6. Roundtable

Commissioner Fletcher noted that he saw one of the largest jets he has ever seen at the Airport for the AFC Championship game, which was very exciting.

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Commissioner Mall stated his son-in-law runs aviation for local education and is training students, noting the future in aviation and avionics is exciting. Partnerships with area education institutions and the Airport are a part of Hangar 2 discussions and design as noted by Mr. Anderson.

7. Adjournment

Chairman Townsend adjourned the Feb. 6, 2023, meeting of the Board of Aeronautic Commissioners at 8:53 p.m.

For your convenience, City Council agendas, as well as videos of City Council and Council Committee meetings, may be viewed on the City's Legislative Information Center website at "lsmo.legistar.com"