

## Legislation Text

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**File #:** BILL NO. 17-70, **Version:** 1

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AN ORDINANCE REPEALING PREVIOUS ORDINANCES RELATED TO THE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF LEE'S SUMMIT AND ESTABLISHING THE CITY OF LEE'S SUMMIT SCHEDULE OF FEES AND CHARGES. (F&BC 3-6-17)

Issue/Request:

AN ORDINANCE REPEALING PREVIOUS ORDINANCES RELATED TO THE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF LEE'S SUMMIT AND ESTABLISHING THE CITY OF LEE'S SUMMIT SCHEDULE OF FEES AND CHARGES.

Key Issues:

As part of the FY18 budget process, staff has analyzed the current schedule of fees and charges. The airport, cemetery, Fire Department, Planning & Special Projects, and Water Utilities have identified changes as part of their respective operations and processes. The proposed changes would take effect July 1, 2017.

Proposed Council Motion:

I move for second reading of AN ORDINANCE REPEALING PREVIOUS ORDINANCES RELATED TO THE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF LEE'S SUMMIT AND ESTABLISHING THE CITY OF LEE'S SUMMIT SCHEDULE OF FEES AND CHARGES.

I move for approval of AN ORDINANCE REPEALING PREVIOUS ORDINANCES RELATED TO THE SCHEDULE OF FEES AND CHARGES FOR THE CITY OF LEE'S SUMMIT AND ESTABLISHING THE CITY OF LEE'S SUMMIT SCHEDULE OF FEES AND CHARGES.

Background:

**Airport**

Office Space and Enclosed Hangars:

Increase Hangar, Office and Tie-down Rates by 2.0% in Accordance with the CPI-U Index

Hangar rates are reviewed annually to assess the current local market and cost of operations. As an Enterprise Fund, the Airport is expected to recuperate its operational expenses through fees and services. No increase was implemented last year due to the low Consumer Price Index (CPI). This year's CPI at the time of projections is 2.0%. The Airport Business Plan completed by Clough Harbour & Associates, LLP states in the Rates and Charges section on page 72 that: "Hangar prices should be increased to reflect the Consumer Price Index (CPI) if within service area competitive market rates." The current projected CPI is 2.0% and this rate is felt to be within the competitive market rates of other surrounding airports. With runway construction taking place throughout the last quarter of FY17 and first quarter of FY18, staff is recommending the 2.0% increase become effective January 1, 2018, due to the impact on customers from runway closures and limited access

during days when winds exceed the crosswind component of the aircraft.

Several airports in the surrounding Kansas City have already increased their rates or are anticipating a rate increase this year. One Airport is increasing their rates 1.7 percent; another Airport is performing an increase over a two year period to match a market rate adjustment after not increasing their rates for over seven years.

These increases will generate an additional \$1,300 in hangar rental revenues based on a 92% occupancy and ½ a year's revenue.

#### New Rate Structures

##### Aircraft Tows:

Historically, tows were determined by the size and type of aircraft. We are proposing combining all of these fees into two rates consisting of \$15.00/instance or \$7.50 if the customer purchases fuel. These fees will cover the labor involved with the service and maintenance cost. We are unable to determine the exact amount of revenue it will generate; however, we are estimating approximately 100 revenue tows per year, or minimum revenue of \$750.

##### Overnight Tie-Down Fees:

Historically, the tie down fee charged was based on the number of engines and weight of the aircraft. These fees are being combined into three categories Piston, Jet Aircraft and Helicopters. Piston Aircraft will be charged \$15/night, Jet Aircraft will be charge \$60/night, and helicopters are charged \$15/night. We are unable to determine the exact amount of revenue it will generate; however, we are estimating approximately \$2,000 of revenue will be generated annually. This change will not net any new revenues

##### FBO Service Fees:

FBO fees for services (tows, fork-lift, GPU) will be charged at the full rate. We anticipate generating \$180 annually.

##### Power Starts:

Power starts will be charged at a new rate of \$45/use or \$45/hour. This fee will be sufficient to cover the labor and fuel/electricity used. GPU use will be complementary for the first hour when fuel is purchased. We expect this service to increase over previous years due to increased use of the airport by business aircraft. We cannot fully anticipate the revenue generated by this service as it is more qualitative than quantitative. Minimally, we expect to generate \$1000 annually.

##### Pre-Heats:

Single engine aircraft will be increased from \$35 to \$45 and twin engine aircraft will increase from \$35 to \$55. Pre-Heats have been increased to cover the labor, propane, and maintenance cost associated with the operation. The number of pre-heats is dependent upon the severity of weather conditions. We expect to minimally do 5-10 pre-heats annually and expect to generate \$175.

##### Ramp Service Fee for Transient Aircraft (after 1hr):

Historically, the ramp service fees charged were based on the number of engines and weight of the aircraft. These categories are being deleted and combined into three categories: Piston, Jet Aircraft, and helicopters. Piston Aircraft and helicopters will be charged \$10; Jet Aircraft will be charge \$58. These fees will be waived with a fuel purchase.

**Transient Overnight Hangar Fees:**

Due to the purchase of Hangar 1, the majority of these fees are being eliminated as they no longer apply. Customers who request an overnight hangar will either be placed in Hangar 1 or an open T. Overnight storage fees are estimated to be in excess of \$9,000 annually.

**Overnight Fee for Storage in Heated Hangar:**

This fee will be charged to customers who request a heated hangar during the months when the heaters are running in Hangar 1. These fees are meant to cover the labor cost for moving the aircraft in/out of the hangar and cost of re-heating the hangar after the doors are opened. Overnight storage fees include: \$65 for single engine, \$85 for twins and \$175 for jets/turbo props. We estimate these rates will generate in excess of \$9000 annually.

**Facility Fee:**

Currently, a facility fee is charged at a rate of .07/gal for Jet-A and .05/gal for 100LL with cap of \$5.00 and \$2.00 respectively. We are updating the fee by removing the \$5.00 and \$2.00 cap. We estimate the fee will generate approximately \$6254 of additional revenue.

*New Fees*

**Fork-Lift:**

This is a new service that in response to the frequent request from customers requesting to use our fork-lift to load/unload large objects such as aircraft engines, aircraft parts, and other equipment. We will be charging \$45/use or \$45/hr. This fee will cover the labor, propane, and cover maintenance cost. We cannot fully anticipate the revenue generated by this service as it is more qualitative than quantitative. We estimate completing 15-20 operations generating a minimum of \$675 of additional revenue.

**Hangar 1 Event rental:**

This is a new fee of \$500 per event for FY18. This fee will be used when someone wants to rent an area of the hangar for an event such as wedding or meeting. We only anticipate 1-2 events annually generating a minimum of \$500.

**Cemetery**

Staff is recommending removing four items related to portable engraving due to wide variance in pricing. Variables such as font type, font size, and the number of charcters for each request determines the price from the contractor. We will provide contact information for these vendors at the cemetery office and the patrons can make contact and compare pricing as needed.

**Fire Department**

On February 11, 2016, Council adopted Ord. 7815, which established the rate of recovery of emergency

medical service charges to be assessed to users of emergency medical services within the city. Accordingly, staff has utilized the formula enshrined in the ordinance to calculate the new fees for EMS service. This calculation recommended a 29.2% increase in charges for EMS service to achieve 50% cost recovery. These new charges are still competitive with our neighboring markets.

### Planning and Development

Staff receives requests to amend the Unified Development Ordinance which requires additional staff time to provide research and analysis for the initial consideration by the Community and Economic Development Committee (CEDC). If the CEDC moves the issue forward, legal notices must be generated for publication in the newspaper. Staff is requesting two new fees to cover staff costs as well as legal notice fees for two public hearings. These fees are not expected to be charged frequently, and thus do not represent a significant impact.

### Water Utilities

Water Utilities has proposed the following changes, which have been presented to the Water Utilities Advisory Board and are consistent with the department strategic plan:

#### Water Tap Fees:

The Water Utilities Advisory Board reviewed the statements related to water tap fee performance and the projections within the tap fee model on November 30, 2017. The Board recommended the following:

Update of Water Tap Fee Projects to include the following projects;

- Add Emergency Connections to TCWA..... \$200,000
- Add defined upsizing projects
  - Harris Road (Herring to Haines)..... \$69,000
  - Sampson (Extension to Hook)..... \$613,800
  - View High (Chipman - South)..... \$227,800
  - Milton Thompson & Langsford..... \$425,000
- Add System Improvements
  - Lakewood Way (Ridgewood to Bowlin)..... \$400,000
  - Shennendoah/Frontage..... \$215,000
- Utilize 450 residential equivalent units per year for growth projection.
- Increase tap fee by 1.0% for residential equivalent at \$3,343 effective July 1, 2017 for next fiscal year (FY2017-18).

#### Water & Sewer Rates:

The Financial Model (Cost of Service Model) that is utilized to establish the 5 year rate schedule was updated and presented to the Water Utilities Advisory Board on November 30, 2017. The Board reviewed the financial plan and determined that the plan was consistent with the financial objectives identified in the Water Utilities Strategic Plan to maintain a 90 day operating reserve, a minimum debt service coverage ratio of 1.5 and ensure the sustainability of the Utility. The Board unanimously recommended to the City Council that Water and Sewer rates be amended for the adopted rate schedule for January 1, 2019 and January 1, 2020 to increase the water and sewer rates from 2% to 3% and to append the rate schedule with a 3% increase to water and sewer rates effective January 1, 2021 as set forth by the cost of service model.

Presenter: Jack Feldman

Recommendation: Staff Recommends Approval

Committee Recommendation: On motion by Councilmember Faith, second by Councilmember Forte, this ordinance was approved for recommendation to full City Council. The vote was unanimous.