

## Legislation Text

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**File #:** 2018-1792, **Version:** 1

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PRESENTATION REGARDING THE PROPOSED HANGAR RATES FOR THE NEW REPLACEMENT HANGARS FOR THOSE CUSTOMERS IN HANGAR UNITS L, S & OPEN-T'S WHO MUST PARK THEIR AIRCRAFT OUTSIDE UNTIL NEW REPLACEMENT HANGAR UNITS ARE AVAILABLE A DISCOUNTED RATE FOR A PERIOD OF TWO YEARS BEGINNING IN FISCAL YEAR 2019. (BOAC 1-23-18) (F&BC 2-5-18)

Issue/Request:

PRESENTATION REGARDING THE PROPOSED HANGAR RATES FOR THE NEW REPLACEMENT HANGARS FOR THOSE CUSTOMERS IN HANGAR UNITS L, S & OPEN-T'S WHO MUST PARK THEIR AIRCRAFT OUTSIDE UNTIL NEW REPLACEMENT HANGAR UNITS ARE AVAILABLE A DISCOUNTED RATE FOR A PERIOD OF TWO YEARS BEGINNING IN FISCAL YEAR 2019

Key Issues:

- Airport improvements will require the removal of seven hangar buildings as part of Taxiway Alpha project which will begin in March of 2018.
- Tenants in the seven buildings have been requested to be out of the hangar units by February 20, 2018 to allow for demolition to begin in early March.
- Twenty-eight replacement units have been approved for construction and are expected to be completed by June 30, 2018.
- Rental rates for the new hangars are being proposed to be the same as Hangar Units H & G as they are the same style and size of units which are being built. The H & G units were constructed in 2000. These units currently rent for \$386.00 per month. These units have been subject to a Consumer Price Index (CPI-U) review each year for the last 18 years.
- Staff is proposing a sliding scale rental rate for the first two-years for those tenants who are displaced and must park their aircraft outside until the new hangar units are completed.
- At the end of the second year the rental rates for these tenants would become the full rate as posted in the schedule of fees for these units.

Proposed Committee Motion:

I move to recommend to the City Council approval of THE PROPOSED HANGAR RATES FOR THE NEW REPLACEMENT HANGARS FOR THOSE CUSTOMERS IN HANGAR UNITS L, S & OPEN-T'S WHO MUST PARK THEIR AIRCRAFT OUTSIDE UNTIL NEW REPLACEMENT HANGAR UNITS ARE AVAILABLE A DISCOUNTED RATE FOR A PERIOD OF TWO YEARS BEGINNING IN FISCAL YEAR 2019

Background:

The replacement of seven hangar buildings has been in the Airport development plan for many years. With the taxiway improvements beginning in March, the removal of seven hangar buildings will be taking place at this time. Discussion of the removal of these units has been discussed at each of the customer tenant meetings in November 2016 and October

2017. Updates have also been presented at each of the two construction update meetings held in the spring and fall of 2017. Letters terminating the hangar lease agreements for each of the tenants in hangars being demolished were mailed on December 22, 2017.

Prior to the preconstruction meeting on December 19<sup>th</sup> with the contractor for the taxiway project an exact date wasn't known as to when demolition of the hangars would be taking place. Since December 19<sup>th</sup> hangar space for 22 of the affected tenants have been found in other hangar units that have become vacant, three have relocated temporarily to other airports and three units vacated previously were not re-rented knowing hangar space availability would be limited. Of the remaining 21 tenants should any hangar units that come available between now and when the new units are completed will be given priority over any other persons on the waiting list.

Hangar rental rates at Lee's Summit tend to be higher than most in the surrounding area. This is partially due to the fact that the hangar units at Lee's Summit are newer than most in the metropolitan area and receive a CPI review each year. The Kansas City Aviation Department built 95 units in 1999 and their rental rates are comparable to Lee's Summit's based on the age and size for units of the same size. The Kansas City Aviation department also does a CPI increase annually which becomes affective on January 1<sup>st</sup> each year.

Staff recommends that the rental rate for the new hangar units be the same rental rate as Hangar units H & G. In addition, those tenants who are displaced and must park their aircraft outside on the apron until the new units are ready for occupancy be afforded a lesser rental rate for a period of two-years. The rental rates will vary depending the rental rate the tenant was paying for the type of hangar unit they were in prior to their termination. The proposed rates for these tenants are shown on the attached illustration which would include an adjustment be made in the second year.

Any vacancies that occur in the new units, and are filled by tenants not affected by the demolition, would be at the full rate as posted on the schedule of fees.

This presentation will also be made at the February 5, 2018 meeting of the Finance and Budget Committee (F&BC) for information purposes. The F&BC will consider the city-wide Schedule of Fees and Charges, including this proposal, at their March meeting. Their final recommendation will then be forwarded to the City Council at a subsequent meeting.

Impact/Analysis:

The seven buildings to be replaced currently house over 30% of the based aircraft on the Airport. Annual revenues generated from fuel sales and hangar rental from these units is over \$110,000.00 The loss of rental from the units being demolished for the five remaining months of the fiscal year will be approximately \$50,000.00 in revenue. The 28 new units, when completed and rented at the full rental rate, will provide a revenue stream similar to that which is being lost.

Timeline:

Start: \_\_\_\_

Finish: \_\_\_\_

Other Information/Unique Characteristics:

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Presenter: Bob Hartnett, Deputy Director of Public Works

Recommendation: Staff recommends approval of THE PROPOSED HANGAR RATES FOR THE NEW REPLACEMENT HANGARS FOR THOSE CUSTOMERS IN HANGAR UNITS L, S & OPEN-T'S WHO MUST PARK THEIR AIRCRAFT OUTSIDE UNTIL NEW REPLACEMENT HANGAR UNITS ARE AVAILABLE A DISCOUNTED RATE FOR A PERIOD OF TWO YEARS BEGINNING IN FISCAL YEAR 2019

Committee Recommendation:

The Board of Aeronautical Commissioners voted unanimously 5-0 to recommend to City Council approval of THE PROPOSED HANGAR RATES FOR THE NEW REPLACEMENT HANGARS FOR THOSE CUSTOMERS IN HANGAR UNITS L, S & OPEN-T'S WHO MUST PARK THEIR AIRCRAFT OUTSIDE UNTIL NEW REPLACEMENT HANGAR UNITS ARE AVAILABLE A DISCOUNTED RATE FOR A PERIOD OF TWO YEARS BEGINNING IN FISCAL YEAR 2019.

F&BC Meeting 2-5-18: ACTION: A motion was made by Councilmember Faith, seconded by Vice Chair Edson, that this Discussion Item be recommended for approval to the City Council - Regular Session, due back on 2/15/2018. The vote was unanimous.