

Legislation Text

File #: BILL NO. 16-268, **Version:** 1

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 12/5/16)

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:

City Council approved a real estate agreement on Nov. 3, 2016 (Ord. 8010), for the purchase of the Air Charter Building, which has been re-named Hangar 1. There are several new services offered due to the purchase of the building; therefore, fees need to be established for these services. The services offered at Hangar 1 are now being actively marketed.

Proposed Committee Motion:

I move to recommend to City Council 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:

Hangar 1 Monthly Space Rental and Office Rental:

Hangar 1 will offer both hangar space rental for aircraft, and office rental for businesses. Hangar space rented for aircraft in Hangar 1 is based on the size of the aircraft. The monthly fee will be \$500 per month for single engine piston aircraft, or a price per square foot on all other aircraft based on the area the aircraft will occupy. The minimum charge is \$500, and the maximum charge is \$2,000, based on the area the aircraft occupies and market demand. The monthly fee includes overhead to operate and maintain the building. Airports with similar facilities and amenities have been contacted for comparable cost and methodology to calculate the hangar rental rates. We have determined that our price per square foot is comparable, and have found that there is no exact methodology used to determine such rates. We have found that our price for single engine aircraft and price per square foot for other aircraft are competitive.

Two office spaces, an east and west office, are also initially available for a monthly rental fee.

Currently there are five tenants in the hangar that generate \$33,000 annually in hangar rent and \$3,132 annually in

office rental. We expect to have from 13-15 aircraft in the hangar at full capacity depending on the mix of based/transient aircraft which will increase revenue. We have had previous inquiries and discussions with potential customers interested in keeping aircraft in this facility, one of which is interested in also renting the second office which would generate an additional \$3,252 annually.

Lavatory (Lav) Service:

As part of the Air Charter building purchase, the Airport acquired a lavatory cart which is used to service the lavatories on corporate aircraft. This fee will only be applied when no other services are purchased. This cost for Lav Service will be \$45, and use of the service is anticipated to be rare.

Minimum Fuel Purchase Fee:

This fee went into effect in January 1, 2015, and required all based customers renting hangars to purchase a minimum of 50 gallons of fuel per year or be assessed a \$500 fee. A similar minimum fuel purchase fee is being implemented that is specific to Hangar 1 and ensures the financial stability of the hangar. Hangar 1 tenants will be required to purchase the following annual minimum fuel amounts beginning January 1, 2017, through December 31, 2017. This program would begin immediately for new customers pending approval of this schedule of fees. Existing Air Charter customers would be grandfathered in until January 2018.

- Piston Aircraft: 250 gallons per year or \$500 assessment
- Jet-A Turbo-Props and Helicopters: 900 gallons per year or \$1,200 assessment
- Jet- Aircraft: 1,800 gallons per year or \$2,400 assessment

The minimum fuel amounts are representative of the type of aircraft and business corporate customers that will be renting space in this hangar. This fee will also be applied to future ground lease agreements. As the airport continues to grow, we expect the need to expand this program. We anticipate the revenue will be minimal at this time, but could increase in future years when there are more tenants.

Overnight Hangar Fees:

We are proposing two new fees for transient overnight storage fees for Hangar 1 which includes: Jet overnight storage at \$150 per night, and a de-icing in hangar fee of \$65 per de-icing service. The Airport has never had the ability to store Jet aircraft overnight. Rather, we deferred customers to Air Charter who collected the fee. Second, we have historically received requests to store aircraft in a heated hangar prior to departure to remove ice, snow, frost, or to pre-heat the engine prior to departure. While the monthly hangar rental rate covers the expense of opening the doors during winter and re-heating the hangar for based customers, there is no fee associated with re-heating the hangar for customers requesting de-icing service. Anticipated revenue from overnight hangar fees is \$9,000. As the number of aircraft using the airport increases, so will the revenue.

Presenter: Jack Feldman

Recommendation: Staff recommends 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

Committee Recommendation: On motion was by Councilmember Forte, seconded by Vice Chair Seif, the Committee voted unanimously that this ordinance be recommended for approval to the City Council.