

## Legislation Text

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**File #:** BILL NO. 20-58, **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 a New Schedule of Fees and Charges to take Effect July 1, 2020 for the City of Lee's Summit, Missouri. (F&BC 3/9/20)

Issue/Request:

An Ordinance Repealing Previous Ordinances related to the Schedule of Fees and Charges for the City of Lee's Summit and Establishing a New Schedule of Fees and Charges to take Effect July 1, 2020 for the City of Lee's Summit, Missouri.

Key Issues:

Part of the annual budget process includes updating the Schedule of Fees and Charges for the upcoming fiscal year. By setting the fees and charges in advance of the upcoming fiscal year, it allows City staff to forecast revenue projections for those fees and charges.

Proposed City Council Motion:

FIRST 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 a New Schedule of Fees and Charges to take Effect July 1, 2020 for the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of of an Ordinance Repealing Previous Ordinances related to the Schedule of Fees and Charges for the City of Lee's Summit and Establishing a New Schedule of Fees and Charges to take Effect July 1, 2020 for the City of Lee's Summit, Missouri.

Airport

The Airport operates as an enterprise fund and is expected to cover operational expenses through hangar rental, fuel sales, and ground leases. Annually, the Airport reviews the fuel mark-up rates, fees, and discounts to ensure that the Airport generates enough revenue to cover operational expenses, remain competitive in the marketplace, and is able to plan for future equipment and facilities.

The Airport proposes changes to the following fees:

-Increase Hangar, Office Square Footage and Tie-down Rates by 2.1% 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. 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 projected CPI rate is provided by staff in the City's Finance Department and is felt to be within the competitive market rates of other surrounding airports. The Kansas City Downtown Airport increased their hangar rental rates also by

2.1% on January 1, 2020. Overall, the proposed increases for all enclosed hangars, Hangar 1, and office space will generate an additional \$1,660 in additional monthly rental revenues or \$19,920 annually.

-Hangar Unit Rates for Displaced Hangar Tenants: Constructions of twenty-eight new enclosed T-hangars were completed in August 2018. Occupancy of these units consisted of new and displaced customers as part of the construction project to relocate taxiway Alpha. There are three different rental rates for the customers who were displaced that will span a three-year period. These rates were developed based on the type of rental units the customers were in previously. For FY21, the new rates are as follows: \$232 for tenants who were in the Open-T hangars; \$342 for tenants who were previously in the S-hangar units; and \$397 for tenants who were previously in the L-hangar units. Any units that become vacant and are occupied with tenants who were not impacted by the hangar removal will be rented at the full rate of \$412 per month.

-Aircraft Tows: The current price for aircraft tows is \$20 per request. The proposed rate for FY21 is \$30 to help cover overhead cost, maintenance and electricity to charge the aircraft mover. The proposed increase is estimated to generate an additional \$500 annually.

-Hangar 1: Proposed Rates for single engine tenants located in Hangar 1 will increase from \$525/month to \$550/month. The proposed fee will keep at least a \$100 margin between Hangar 1 and other enclosed hangars. As stated previous, overall the proposed increases for all enclosed hangars, Hangar 1, and office space will generate an additional \$1,660 in additional monthly rental revenues or \$19,920 annually. These figures are based on a 90% occupancy rate.

-Overnight Tie-Down Fees: The current overnight tie-down for multi-engine turbo-prop and Jet aircraft is currently \$125/night. For FY21, the proposed fee is \$150/night. The first overnight is waived with the purchase of 75 gallons and the second overnight is waived with the purchase of 150 gallons. The proposed increase is estimated to generate an additional \$750 annually.

-Ground Power Unit (GPU) Service: The GPU fees are currently \$65/use. The proposed fee for FY21 is \$75/use. The proposed fee is estimated to generate an additional \$680 annually.

-De-Ice Service: Currently, the Airport passes along the cost of deicing fluid to the customer in addition to a flat fee of \$150 to cover labor and equipment cost. For FY21, the proposed fee is \$175. Additionally, the proposed mark-up on de-icing fluid is \$5.00/gallon to cover the electrical cost of heating the fluid. The proposed fee is estimated to generate an additional \$550 annually.

-Ramp Service Fees: The current ramp service fee is \$100 for Jet/Turbo-prop aircraft. The proposed fee for FY21 is \$125 and is waived with the purchase of 75 gallons (see overnight tie-down fees). The proposed increase is estimated to generate an additional \$1,400 annually.

-Hangar 1 Overnight: The current overnight fee to store an aircraft in Hangar 1 is \$225/night. For FY21, the proposed fee is \$275/night. The proposed increase is estimated to generate an additional \$3000 annually.

-Day Rate for Hangar 1: The current fee for this service is \$75, which covers up to 4 hours in hangar 1.

This service is used to store aircraft in Hangar 1 temporarily due to inclement weather or to assist with removing ice. The proposed fee for FY21 is \$135 for a maximum of 4 hours. After 4 hours, the rate increases to \$275. The proposed increase is estimated to generate an additional \$2760 annually.

-After Hours Fee: The current After Hours fee is \$115 and is charged when customers request service outside of normal business hours. Historically, one person could handle responding to these calls and the current fee has been sufficient to cover that cost. Because business jet traffic has increased and more customers are requesting an overnight hangar, two staff members are required at times. The proposed fee of \$175 will be sufficient to cover the overhead cost in situations when two staff members need to respond to after-hour call outs. The proposed fee is estimated to generate an additional \$2,400 annually.

The Airport proposes removing the following fees:

-Hangar 1 Event Rental: Due to Hangar 1 being at or near capacity most of the time, the Airport is removing the rental fee. There is no longer any room to hold events within the hangar.

The Airport proposes adding the following fees:

-Air Conditioner Service: This is a new proposed fee for FY21 for customers requesting a portable air conditioner service to cool down the interior of the aircraft prior to departure. The proposed fee is estimated to generate an additional \$85 annually.

-Overnight Plug-in: During the winter months, customers frequently request to plug their aircraft in to keep the engines warm. The proposed fee for FY21 is \$15 to help offset the cost of electricity associated with this service. The proposed fee is estimated to generate an additional \$225 annually.

-Commercial Filming, Photography, Video Taping Fee: This is a new fee in response to the number of requests being received at the Airport from operators and companies wishing to shoot footage for commercials, films and marketing material at the Airport. This fee is in line with other airports in the area and will cover staff time associated with the operation. The proposed fee of \$500 for this service is estimated to generate an additional \$2000 annually.

It is estimated that the total financial impact of the changes to the fees and charges for the Airport is a total estimated increase of \$34,270.

### Development Services

Development Services proposes the following changes to the fees and charges:

-Minimum Permit Fee: Increase the minimum permit fee from \$30.00 to \$50.00 to help with cost recovery.

-Demolition Permit: Increase as a result of the minimum permit fee increasing from \$30.00 to \$50.00.

-Inspections Performed on Holidays: New fee to differentiate a fee charged for inspections that are

performed on holidays.

-Land Disturbance Permit: Changed name from "Grading (Land Disturbance) Permit" to "Land Disturbance Permit" for consistency with the DNC manual.

-Some fees and charges were removed from the schedule because there are similar fees in other sections. For example, the section dealing with maps was removed because there is a separate section of the Schedule of Fees and Charges titled "Maps and GIS" that specifies fees and charges for maps.

-Vacation of Right-of-Way: Increased fee from \$100.00 to \$150.00 as the City will record certified ordinance.

-Vacation of Utility Easement: Increased fee from \$100.00 to \$150.00 as the City will record certified ordinance.

#### Fire Department

There is a goal to have a cost recovery of 50% for EMS related services. As a result, it is necessary to annually update the ambulance fees for resident and non-resident services (Basic Life Support, Advanced Life Support 1, and Advanced Life Support 2).

#### Police Department

The Police Department updated the fees and charges information in order to provide clarity and transparency for the services provided in the Police section of the Schedule of Fees and Charges.

#### Water Utilities

The Schedule of Fees and Charges was updated to include future water and sewer rates (beginning January 1, 2024), as well as proposed changes to Water Tap fees and meter set-up fees.

#### Impact/Analysis:

Some of the changes to the Schedule of Fees and Charges for the City of Lee's Summit have a financial impact/estimated revenue increase.

#### Other Information/Unique Characteristics:

There is an attachment titled "Proposed FY21 Schedule of Fees-tracked changes" which shows the proposed changes to the Schedule of Fees and Charges.

Chris Clubine, Management Analyst

Staff recommends approval of the ordinance.

Finance and Budget Committee (March 9, 2020) - A motion was made by Councilmember Carlyle, seconded by Vice Chair Lopez, that this Ordinance be recommended for approval to the City Council. The motion carried by unanimous vote

