

Legislation Details (With Text)

File #:	BILL NO. 19-211	Name:	
Type:	Ordinance	Status:	Agenda Ready
File created:	8/4/2019	In control:	City Council - Regular Session
On agenda:	9/17/2019	Final action:	
Title:	An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport. (BOAC 8-12-19) (F&BC 9-9-19)		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Ordinance, 2. Exhibit A		

Date	Ver.	Action By	Action	Result
9/17/2019	1	City Council - Regular Session	for second reading	Pass
9/17/2019	1	City Council - Regular Session	adopted and numbered	Pass
9/9/2019	1	Finance and Budget Committee	recommended for approval	Pass
8/12/2019	1	Board of Aeronautic Commissioners	recommended for approval	Pass

An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport. (BOAC 8-12-19) (F&BC 9-9-19)

Key Issues:

- The Airport operates as an enterprise fund generating revenue through hangar rental, fuel sales, ground leases, and charges for services.
- Fuel pricing and discounts are a consideration by customers when choosing to use, or base an aircraft at one airport or another.
- For FY20, the markup on all fuel increased
- Providing a low cost fueling option using fuel discounts helps to attract and retain based and transient customers.
- Offering attractive discounts often result in high fuel sale volumes

Proposed City Council Motion:

FIRST MOTION: I move for a second reading of An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport.

SECOND MOTION: I move for adoption of An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport.

Background:

The Airport operates as an enterprise fund and generates revenue through hangar rental, fuel sales and ground leases. Annually, the Airport reviews the fuel markup rates, fees for services, and discounts to ensure that the Airport is generating enough revenue to cover operational cost.

The current fuel discounts structure was adopted in January 2018, in preparation for the completion of the runway 18/36. The current fuel discounts were based on the current markup of \$2.00/gallon, the buying patterns of the based and transient customers, and prices at the surrounding Airports operating at least a 5,500 ft. long runway. Since then, Jet-A sales have increased from 58,713 gallons in FY17 to 101,318 gallons for FY19. The number of based customers who use Jet-A has increased from 2 to 10. This increase is partly the result of competitive fuel pricing in conjunction with other services and facilities the Airport provides.

On July 1, 2019, the mark-up on all fuels increased to cover higher operating expenses. The markup on Avgas 100LL increased from \$1.00/gallon to \$1.45/gallon and Jet-A increased from \$2.00/gallon to \$2.65/gallon. In order to remain competitive in the local market and continue to attract customers to the Airport, staff recommends implementing the attached schedule of discounts. See "Exhibit "A" for the table of proposed discounts on fuel sales at the Lee's Summit Municipal Airport.

Joel Arrington, Assistant Airport Manager

Recommendation: Staff recommends approval of An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport

Board Recommendation:

The Board of Aeronautical Commissioners voted unanimously 7-0 to recommend to City Council approval of An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport.

Committee Recommendation:

The Finance and Budget Committee voted unanimously 3-0 (Mayor Pro Tem Lopez "Absent") to recommend to City Council approval of An Ordinance approving a new schedule of discounts for fuel sales at the Lee's Summit Municipal Airport.