Legislation Text

File #: BILL NO. 20-38, **Version:** 1

An Ordinance approving Amendment No. 8 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures and revising the authorized amount of Full Time Equivalents in the Airport Fund for the City of Lee's Summit, Missouri. (F&BC 2/10/20)

Issue/Request:
An Ordinance approving Amendment No. 8 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures and revising the authorized amount of Full Time Equivalents in the Airport Fund for the City of Lee's Summit, Missouri.

Key Issues:
The Airport is requesting to increase the number of hours worked by part-time Airport Attendants from 1.26 to 2.3 full time equivalents (FTEs) in FY20, for a total increase of 1.04 FTEs (2,163 hours) and a personnel expense increase of $43,250. The total for both full-time and part-time combined Airport Attendant FTEs will increase from 3.26 to 4.3 FTEs. This request is based on the Airport projecting to meet Jet-A fuel sale triggers which increase revenue to cover the expense of the additional FTEs and the necessity of meeting customer demand. The increase in FTEs will be accomplished by increasing the number of hours the current part-time Airport Attendants work, not by hiring any additional employees. These additional hours will ensure the Airport has enough staffing to maintain operational service levels to meet existing customer demand.

Proposed Council Motion:
FIRST MOTION: I move for second reading an Ordinance approving Amendment No. 8 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures and revising the authorized amount of Full Time Equivalents in the Airport Fund for the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption an Ordinance approving Amendment No. 8 to the budget for the Fiscal Year ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures and revising the authorized amount of Full Time Equivalents in the Airport Fund for the City of Lee's Summit, Missouri.

Background:
During the FY19 budget preparation process, the Airport submitted expansion requests to increase the number of part-time Airport Attendant FTE hours from 2,621 to 3,660 (1.26 to 1.76 FTEs) and to add an additional 1.0 FTE for a full-time Airport Attendant for a total increase in FY19 of 1.5 FTEs. These requests were intended to provide flexibility in staffing hours to maintain operational service levels in the event of an increase in aircraft using the Airport. These requests were approved as part of FY19 budget amendment No. 1 (Ordinance No. 8457 / Bill No. 18-140) on September 6, 2018.

A condition of the execution of the expansion requests was the Airport needed to project enough revenue to cover the expense of the additional FTE hours. The Airport set fuel sale triggers of 100,000 gallons of Jet-A fuel to cover the cost of the additional part-time Airport Attendant hours, and 125,000 gallons of Jet-A fuel to cover the cost of the additional full-time Airport Attendant. The Airport did not project reaching these fuel sales until late in FY19, and therefore did not act on those expansion requests in FY19. Although the expansion requests were approved by City Council for FY19, these requests did not carry over to FY20.

In July 2019 (FY20), the Airport was able to forecast selling enough fuel to exceed the first fuel sale trigger established in FY19 for increasing part-time staff. At that time, staff decided to wait until the mid-year projections (December 2019) to ensure the growth in Jet-A fuel sales the Airport was experiencing would be maintained to justify the additional overhead expense. After finishing projections, the Airport is projecting to far exceed those previously approved fuel sale triggers.

- Prior to July 2019, the Airport sold an average of 8,000 gallons per month of Jet-A fuel. After July 2019, the Airport is averaging 15,000 gallons per month.

- For FY20, the Airport based its budget on selling 94,500 gallons of Jet-A fuel. As of January 2020, the Airport's Jet-A fuel sales are at 107% of the originally adopted FY20 budget. The Airport projects it will sell 187,457 gallons of Jet-A fuel in FY20, which is an 84% increase from FY19.

- Sales as a result of increased operations in other services has also increased. Fees for services such as tie-downs are projected to increase as much as $30,000 in FY20 which is a 63% increase from FY19.

Developments such as building additional hangars, new ground leases, and offering other services will result in additional revenue growth; however, the Airport understands this growth rate will experience revenue plateaus between developments. The Airport is very cautious in requesting additional staff and only request staffing hours that can be supported by the Airport's operating revenues. However, to maintain current service levels with current operations the Airport needs to use more part-time hours in order to sell the additional fuel and maintain customer demands.

The Airport is requesting to increase the number of part-time Airport Attendants from 1.26 to 2.30 FTEs for the remainder of FY20. This increase will not result in adding any additional employees, but rather, will increase the number of hours part-time staff can work. These additional hours will ensure the Airport has enough staffing to maintain service levels to meet existing demand. Based on the mid-year Airport budget projections, the increased revenue will support the additional part-time hours.

Chris Clubine, Management Analyst

Staff recommends approval of the amendment.

A motion was made by Councilmember Carlyle, seconded by Councilmember Forte, that this Ordinance be recommended for approval. to the City Council. The motion carried unanimously 3-0 (Mayor Pro Tem Lopez "Absent").