



City of Denton

City Hall
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AGENDA INFORMATION SHEET

DEPARTMENT: Transportation

CM/ DCM/ ACM: Mario Canizares

DATE: May 1, 2018

SUBJECT

Consider adoption of an ordinance of the City of Denton establishing Rates and Fees for City owned property and facilities upon Denton Enterprise Airport; and declaring an effective date. The Council Airport Committee recommends approval (2-0).

BACKGROUND

The Denton Enterprise Airport operates under the guidance of the Federal Aviation Administration (FAA). The FAA recommends that airports establish rates and fees associated with the use of airport land and facilities to assist in reaching financial self-sufficiency. In accordance with City Code, any fee for the use of City property must be adopted by the City Council. The establishment and adoption of an Airport Rates and Fees Schedule via ordinance (Exhibit 3) provides staff, users, and tenants with a clear understanding of any approved airport-related fee.

Based on the recently completed Airport Appraisal Report, previous direction by the Council Airport Committee, and other City Department practices, an Airport Rates and Fees Schedule (Exhibit 2) was developed and includes the following fees and descriptions:

1. Access Card Fee

Currently, the Airport vehicle access gates are keypad coded which does not provide adequate level of security. Airport Staff is in the process of conducting security upgrades on the vehicle access gates to include proximity card readers. Each authorized airport tenant would need to obtain an access card in order to open the gate and access the airside area of the Airport. Establishing this fee would offset the cost associated with providing or replacing access cards to several hundred tenants. Implementation of a card system will also enhance security by reducing the transfer of gate access codes to non-authorized persons. This fee is proposed for cost recovery purposes.

2. Aircraft Storage Fee

The 27 City-owned Quebec T-hangars rates were established prior to construction starting in 2015 based on analysis of other area airport fees. The analysis provided in the recently completed appraisal confirmed the current rates are comparable to similar facilities based on overall size of the hangar and availability of electric doors and the door width. The recommended and current rates range from \$375 - \$550/month, which is revenue neutral.

3. Airport Development Application Fee

As recommended at the November 28, 2017, Council Airport Committee meeting, the Airport Development Application Fee would assist in offsetting the staff expenses associated with assisting and processing development proposals at the Airport, as well as reduce the number of applicants to those serious about development. This fee is proposed for cost recovery purposes.

4. Airport Hourly Rate

The purpose of the Airport Hourly Rate is to identify a fee associated with staff's time in escorting or repairing damage caused by users. The rate is calculated by dividing the total budgeted personnel cost by the number of full-time equivalent positions at the Airport. This fee is proposed for cost recovery purposes.

5. Airport Terminal Meeting Room

The Airport Terminal Meeting room is currently available at no charge to anyone requesting use of the facility for meetings, events, etc. Staff has spent time setting up and cleaning up for users. Similar to the Parks and Recreation Department, Airport Staff is proposing an hourly fee and security deposit for the use of the facility to offset Staff, cleanup and utility expenses. This fee would be waived for non-profit aviation related groups, emergency services, or other City Departments. This fee is proposed for cost recovery purposes.

6. Aviation Fuel Delivery Fee

Currently, the fuel flowage fee is based on a percentage of wholesale cost paid by the tenant. There are two different rates: 5% and 7%, depending on the use. Tenants have approached staff to discuss changing this practice to a more industry standard of a fixed rate. With the significant changes in fuel prices, the percentage practices has made it difficult for tenants to set stable prices and for staff in budgeting expected fuel flowage revenues. While the fixed rates vary from airport to airport, the appraisal analysis recommended replacing the current percentage of wholesale cost fuel fees with flat fees of \$0.14/gallon/delivered for public use (provided by the FBO) and \$0.22/gallon/delivered for tenants that conduct private, self-fueling operations. These fees are proposed as revenue neutral.

7. Land Lease Rates

Over the years, the land rental rates have been established based on a parcel's proximity to the runway, the availability of utilities, road access, and parcel size. The most recent land leases at the Airport were approved at \$0.27 per square foot per year, which appears to be a rate established based on previous rates adjusted by Consumer Price Index (CPI). It also appears the previous practice of setting higher rates based on various parcel criteria may not have continued in recent years. The analysis in the recently completed appraisal not only included a comparison of other airport rates in the Metroplex, it also included the specific parcel characteristics. The Fair Market Values determined range from \$0.30 - \$0.45/sf/yr. It is anticipated that new appraisals would be conducted as necessary and/or established fees adjusted by CPI. These new rates are anticipated to enhance Airport revenue by an additional \$54,210 per year over the previous rate.

8. Lease Assignment Processing Fee

Airport lease assignment requests are currently assessed a \$500.00 processing fee, which has not been adjusted in over 10 years. The assignment of an airport lease agreement includes the development of a lease amendment, coordination with financial institutions for financing related documents, and processing the request through the Council Airport Committee and City Council. Based on recently approved assignments, the current fee appears to be inadequate given the level of Airport and Legal staff involvement, thus it is recommended that the fee be increased to \$1,000.00 per assignment request. This fee is proposed for cost recovery purposes.

OPTIONS

1. Adopt the proposed ordinance establishing the Airport Rates and Fees Schedule
2. Provide Staff with additional direction on amounts for airport-related rates and fees
3. Take no action at this time

RECOMMENDATION

Council Airport Committee recommends Option 1, adoption of an Airport Rates and Fees Schedule clearly identifying rates and fees associated with the use of Airport property and facilities, and fees associated with processes and staff time.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

April 13, 2018 - The Council Airport Committee recommended Option 1, adoption of an ordinance establishing an Airport Rates and Fees Schedule clearly identifying rates and fees associated with the use of Airport property and facilities, and fees associated with processes and staff time (2-0).

FISCAL INFORMATION

The adoption of the Airport Rates and Fees Schedule would have a direct relationship with assisting in achieving airport self-sufficiency.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. Airport Rates and Fees Schedule
3. Ordinance

Respectfully submitted:
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Airport Manager