

Audit and Finance Committee

Date: February 3, 2011
To: Audit and Finance Committee
Through: Natalie Lewis, Assistant to the City Manager
From: Jim Law, Acting Airport Director
Subject: Falcon Field Airport Rentals and Other Fees

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information to the Audit and Finance Committee regarding recommended changes to the following fees: 1) 5% increase on small and large storage room rents; 2) 5% increase for small and large storage room waiting list/security deposit; 3) removal of “Open Tiedowns Per Tiedown (20 or more)” discount entirely.

It is also proposed to change the fee description titles as follows:

<u>Current Title</u>	<u>Proposed Title</u>
Hangar Security Deposit	Hangar Cleaning Deposit
Storage Room Security Deposit	Storage Room Cleaning Deposit

Background, Discussion and Recommendations

Falcon Field Airport continues to serve the general aviation needs of the region in spite of the global economic recession. An adjustment to the storage room fees listed above enables the Airport to stay more current with the rates currently being charged for storage in the private sector. Eliminating the “Open Tiedowns per Tiedown (20 or more)” discount will meet the direction previously provided by members of the City Council.

The change in the fee titles noted above is proposed to clarify that these deposits are to be applied only to clean a hangar or storage room after it is vacated. If the tenant leaves these facilities clean and in good condition, the deposit is fully refundable.

Alternatives

The alternative is to leave the storage room fees at their current rate. Since these fees already fall below the current market rate for similar storage facilities in the private sector, it will take a greater increase in the future to bring the rate up to what the market rate is if the market rate continues to rise. In addition, if the fees remain too far below the market rate, people who wish to avoid paying the higher rate elsewhere will be inclined to rent the storage rooms for non-aeronautical purposes. The Federal Aviation Administration requires that the storage rooms be used for aeronautical storage.

Fiscal Impact

It is estimated that the proposed fee adjustments will result in approximately \$7,728 of total additional revenue in FY 2011-12.

Concurrence

The above information is currently being shared with the tenants and users of the airport via the Airport website, notices sent to them via U.S. Mail and/or email, and at airport tenant meetings.

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