



CITY OF SALINAS

AIRPORT COMMISSION STAFF REPORT

DATE: MAY 23, 2019

DEPARTMENT: PUBLIC WORKS, AIRPORT DIVISION

FROM: BRETT J. GODOWN, AIRPORT MANAGER

TITLE: SALINAS MUNICIPAL AIRPORT RATES AND FEES SCHEDULE
2019-2020

RECOMMENDED MOTION:

A motion from the Airport Commission recommending City Council adopt a resolution approving the 2019-2020 Salinas Municipal Airport Rates and Fees Schedule.

RECOMMENDATION:

It is recommended the Airport Commission recommend City Council adopt a resolution to approving the 2019-2020 Salinas Municipal Airport Rates and Fees Schedule.

BACKGROUND:

The City of Salinas owns and operates the Salinas Municipal Airport. As set forth by the Federal Aviation Administration (FAA) by way of its Airport Sponsor Assurances, any airport developed with Federal grant assistance is required to operate for the use and benefit of the public and is to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. The FAA provides grant funding to the City of Salinas for capital needs at the Salinas Municipal Airport. The obligation to make the Airport available to the public does not preclude the City from recovering the costs of operating, maintaining, and developing the Airport through fair and reasonable rates, charges, and fees. The City has the option to utilize various methods to assess Airport user rates, charges, and fees for the public use or tenancy of the Airport property and facilities.

Annually the Airport Rates and Fees Schedule is adjusted to reflect changes in the aeronautical market conditions. Fees associated with property and facilities, such as hangars and buildings, are adjusted based on market comparable. Non-property fees and charges, such as gate cards, are adjusted based on cost recovery conditions. The San Francisco Bay Area Consumer Price Index (SFCPI or CPI) is the adopted rate adjustment mechanism used to adjust the rates and fees at the Salinas Airport as rates and fees become out of alignment with market comparable.

The principal issue in setting fair and reasonable rates and fees is the need for airport rates and fees to generate revenues at levels that offset increases in the cost of operating and maintaining the

airport along with financing the existing and future proposed capital needs while maintaining a balance of fair and reasonable. If revenues are kept current with costs, it is possible to build and retain reserves for capital needs. The reserve funds are used for capital projects and matching funds for FAA Grants (ACIP).

At the March 28, 2019 Airport Commission meeting, airport staff provided an introduction to the annual adjustment of the rates and fees. The Draft Rates and Fee Schedule was presented to Salinas Pilots Association and to the airport businesses during the month of May 2019.

ANALYSIS:

This update to the Airport Rates and Fee Schedule does not include an across-the-board adjustment to the airport storage hangars. Staff proposes the following additions and adjustments for the Salinas Municipal Airport Rates and Fees Schedule 2019-2020.

Refuse Fee

A refuse fee will be assessed to airport hangar and storage tenants to offset direct costs associated with providing two three-yard dumpsters to the 252 airport hangar tenants on a weekly basis. The total annual costs, as quoted by Republic Services for the City's account, for two three-yard dumpsters being serviced fifty-four (54) times per year is \$10,070.88. Dividing the costs by 252 tenants brings the monthly costs \$3.40 (rounded to \$3.50) per month per tenant.

Gate Card Renewal Fee

The gate card renewal fee will be collected on an annual basis from every cardholder to offset maintenance, improvement, and replacement costs associated with the airport access control system (gate cards), and airport video surveillance system. Rather than adjust the hangar rates to cover these costs whereby only the hangar tenants would have the costs levied on them, a universal fee will be applied to every user of the system (hangar tenants, fixed airport businesses, other entities that require access to the airport).

The annual renewal fee will be established at \$40 per card. The existing system has approximately 1,000 cards uploaded in the system. A review of the active cards indicates approximately 500-700 cards are active. By establishing an annual renewal fee, it is estimated that approximately 500 cards will remain active. 500 active cards would annually yield approximately \$20,000.

The anticipated cost to replace the airport security system at ultimate buildout is \$200,000. These systems should be replaced about every 10 years. The collection of fees would pay for a new system every 10 years. Any surplus derived from the fees can be applied to improving other security measures – mechanical gate systems, lighting, and security guard services.

Gate Code Renewal Fee

The gate code renewal fee will be collected on an annual basis from every gate code user to offset direct costs associated with administering the gate code user program, maintenance, improvements, replacement costs associated with the airport access control system (gate cards), and airport video surveillance system. Gate codes are provided to airport users that qualify for use

based on operational need. The proposed gate code renewal fee will be established at \$400.00 annually.

Overnight Terminal Parking Fee

Demand for terminal overnight parking has increased over the last year. A \$5.00 overnight parking fee per space is being recommended for approval. The City will waive parking fees for airport businesses.

The updated Airport Rates and Fee Schedule will be effective August 1, 2019.

CEQA/NEPA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

STRATEGIC PLAN INITIATIVE:

This action complements the City Council's Goals for Well Planned City and Excellent Infrastructure, and Effective, Sustainable Government.

DEPARTMENTAL COORDINATION:

The City Attorney reviewed the new proposed fees and found the assessed fees appropriate based on the supporting information.

FISCAL AND SUSTAINABILITY IMPACT:

Approval of the updated Salinas Municipal Airport Rates and Fees schedule will the city to assess direct offset costs for refuse services, assess parking fees for overnight vehicle parking, and enhance and maintain the airport security systems.

ATTACHMENTS:

Salinas Municipal Airport Rates and Fees Schedule 2019-2020

Refuse Fee Cost Analysis

Resolution – Salinas Municipal Airport Rates and Fees Schedule 2019-2020

Refuse Fee Cost Analysis

Republic Services Dumpster Fees as of March 25, 2019										
Yards		Monthly Cost Per Dumpster	Monthly Cost for 2 Dumpsters	Annual Cost for 2 Dumpsters	Annual Cost/Hangar (252) P/Mo.	Cost Per Dump for 1 Dumpster	Cost for 2 Dumps	Annual cost + 2 dumps	Annual cost per hangar annual +2 dumps	Monthly Cost
6		\$598.90	\$1,197.80	\$14,373.60	\$4.75	\$149.73	\$299.45	\$14,673.05	\$58.23	\$4.85
4		\$482.11	\$964.22	\$11,570.64	\$3.83	\$120.53	\$241.06	\$11,811.70	\$46.87	\$3.91
3		\$419.62	\$839.24	\$10,070.88	\$3.33	\$104.91	\$209.81	\$10,280.69	\$40.80	\$3.40
2		\$354.77	\$709.54	\$8,514.48	\$2.82	\$88.69	\$177.39	\$8,691.87	\$34.49	\$2.87
1		\$295.31	\$590.62	\$7,087.44	\$2.34	\$73.83	\$147.66	\$7,235.10	\$28.71	\$2.39
Terminal Size - 6 yards										
Serv Aero Size - 3 yards										
Air Motive Size - 2 yards										