



## Staff Report

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**File #:** 16-040

**Version:** 1

**Date:** 6/6/2016

**Item #:** b.

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**TO:** Mayor and City Council

**THROUGH:** Steve Powers, City Manager

**FROM:** Kristin Retherford, Urban Development Department

**SUBJECT:**

Airport Fee Resolution

Ward(s): 2

Councilor(s): Andersen

Neighborhood(s): SESNA

**ISSUE:**

Shall the City Council adopt Resolution No. 2016-17 establishing fees and charges, including rental rates for ground leases, for the Salem Municipal Airport?

**RECOMMENDATION:**

Adopt Resolution No. 2016-17 establishing fees and charges, including rental rates for ground leases, for the Salem Municipal Airport.

**SUMMARY AND BACKGROUND:**

Salem Revised Code Chapter 9.010 requires that all Airport fees, rental rates and other charges be set by resolution of the City Council. The fee schedule establishes aviation-related and other user fees for such activities as terminal space rental, aircraft landing, aircraft tie down, fuel flowage, vehicle parking and administrative activities. Additionally, the fee schedule establishes the adopted rental rate for new or renewed ground leases, and existing ground leases where regular lease rate adjustments are based on a rate established by City Council. The various fees and charges are used to support airport operations, maintenance, and capital improvements.

**FACTS AND FINDINGS:**

The City of Salem has approximately 130 leases at the airport, most of which are ground leases for aircraft hangars. Historically, the leases were divided into six separate lease areas, each of which were valued differently based on amenities such as location, available utilities, opportunity for public

access, and zoning. Since individual lots within the six lease areas also vary in size, amenities, and attributes, establishing rates for the different lease areas becomes problematic. The most recent appraisal valued a "typical lot" on the airport property to establish one common lease rate rather than six separate rates. This approach provides for a standard, more equitable lease rate across all airport property. The appraisal also provides a comprehensive comparison of lease rates at several other Oregon airports. A summary of the appraisal and comparison to other Oregon airports is included as Attachment 1.

The last Airport fee resolution was passed by City Council in 2011, which only updated the ground lease rates in areas 2, 3 and 5. Other ground lease areas have not had rate adjustments since 2009 or prior, and many other fees have not been updated in more than 20 years.

The proposed fee resolution (Attachment 2) adds fees, such as terminal space rent, special event permit fees, appeal fees, and others that are referenced in various City documents but which have not been previously approved by Council in a formal fee resolution.

The increase in fees is expected to generate new revenue of approximately \$80,000 in the upcoming fiscal year, and additional revenue in future fiscal years as annual lease adjustments come due. This new revenue will help stabilize the Airport's budget and provide funds to match both federal and state grants for future airport infrastructure improvements.

The Airport Advisory Commission, in a Special Meeting held on March 2, 2016, voted unanimously to recommend that City Council adopt the fee resolution as presented.

The Finance Committee reviewed the proposed rates and fees in its meeting on March 21, 2016.

John Paskell  
Airport Manager

**Attachments:**

1. Appraisal Report Summary
2. Resolution No. 2016-17

05/12/2016