



Staff Report

File #: 21-49

Version: 1

Date: 2/22/2021

Item #: 3.3b.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Salem Municipal Airport Site Development Fee Waiver

Ward(s): 2

Councilor(s): Andersen

Neighborhood(s): SEMCA

Result Area(s): Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy

ISSUE:

Shall the City Council authorize the City Manager to waive the Airport Site Development Fee for five years, effective March 1, 2021, and expiring February 28, 2026?

RECOMMENDATION:

Authorize the City Manager to waive the Airport Site Development Fee for five years, effective March 1, 2021, and expiring February 28, 2026.

SUMMARY:

A temporary fee waiver is intended to promote new development on the airport property, primarily aircraft storage hangars.

FACTS AND FINDINGS:

The Salem Municipal Airport rates and fees schedule includes a site development fee charged to all new development on the airport property. The fee is equal to one year's lease payment, effectively doubling a new tenant's first year rent. With the ongoing pandemic and economic slowdown, the

Salem Municipal Airport is must be attractive to potential builders who are seeking ways to make their developments cost-effective.

Feedback from hangar builders is that the Site Development Fee is a consideration as to whether to build in Salem versus a competing airport. One potential new hangar has already chosen to build elsewhere, and two others are on hold waiting to construct to see if this fee will be waived. Research of other Oregon Airports' rates and fees shows that this fee does not exist at other airports in Oregon. As there are several competing airports in the Willamette Valley, the fee is proving to be an impediment to development at the Salem Municipal Airport.

The purpose of the fee is to help recover some of the up-front costs of environmental investigations and staff time needed to prepare documentation for review by the Federal Aviation Administration (FAA), estimated at \$1,000 to \$1,500 per development. The last site development or new hangar constructed was 2017. Because developments have been infrequent, the Airport does not budget for this fee.

City Council approval is required to waive or defer City rates and fees.

In its January 20, 2021, meeting the Airport Advisory Commission voted 5-0 (with one absence and one abstention) to support staff's recommendation to City Council to approve waiving the fee.

Staff will revisit the fee in five years and advise City Council whether the waiver should continue, the fee be reinstated, or the fee be eliminated.

John Paskell
Airport Manager

Attachments:

1. None