BUSINESS IMPACT STATEMENT
(NRS 237.090)
Clark County Code Title 20 – Airports
Clark County Airport System Rentals, Fees, and Charges – FY2019

Upon request, a copy of the Business Impact Statement can be obtained from the designated department and such requests should be sent to: business@mccarran.com

A. Description of the Proposed Ordinance Modification(s)

Chapter 20.10, Section 20.10.010 to amend the rentals, fees, and charges, for air transportation companies and authorized operators at McCarran International Airport;

B. Intent of the Proposed Ordinance Including Issues to be Resolved or Other Factors to be Considered

It is the intent to codify the FY2019 rentals, fees, and charges, which are applicable to all air transportation companies and authorized operators for their use of McCarran International Airport. The FY2019 rentals, fees, and charges have been approved by the LAS Airline-Airport Affairs Committee (LAS AAAC), as required under the current Airline-Airport Use and Lease Agreement, approved on September 7, 2010, as amended on January 18, 2011, and November 5, 2014 (Signatory Agreement). This is an annual process, which has occurred since 1975*.

*With the exception of 1991, 2002, 2003, and 2005, when there were no changes in the rentals, fees, and charges.

C. Description of the Manner in Which Public Comment, Data, or Arguments was Solicited from Affected Businesses and/or Community Stakeholders

The LAS AAAC consists of representatives from all of the airlines (both Signatory and Non-Signatory), which operate at McCarran International Airport. The FY2019 rentals, fees, and charges were calculated in accordance with the rate-making methodology contained in the current Signatory Agreement.

In accordance with the requirements of the Signatory Agreement and following past practice, the Clark County Department of Aviation (DOA) sent its proposed budgeted rentals, fees, and charges for FY2019 to the LAS AAAC for review and comment on April 23, 2018. A copy of this letter is attached.

On April 25, 2018, LAS AAAC members and DOA met and discussed the calculation and budgetary requirements for the Airport. The methodology used to calculate the FY2019 rentals, fees, and charges followed the methodology established under the Signatory Agreement.
D. Summary of the Public Comment, Data, or Arguments Including the Number of Public Comments Received

LAS AAAC members and DOA staff in attendance at the April 25, 2018, meeting (either in person or via phone-in conference call) held discussions, made clarifications and answered all questions to their satisfaction regarding the FY2019 proposed budget, as presented. At the conclusion of this meeting, the LAS AAAC held a vote and unanimously approved the FY2019 budget for the Airport, including the rentals, fees, and charges. All material questions and comments received from the LAS AAAC, collectively or individually, was addressed by the DOA.

The LAS AAAC sent notification on April 27, 2018, indicating their formal approval of the proposed FY2019 Airport budgeted rentals, fees, and charges, as presented on April 25, 2018. A copy of this letter is attached.

E. The Estimated Economic Effect of the Proposed Ordinance on Businesses

The established distinction between Signatory Airlines and Non-Signatory Airlines of 125% of Signatory rates, as outlined in the Signatory Agreement, went into effect on July 1, 2010 and remains unchanged. Any Airline that is able to meet the established Minimum Standards for Signatory Airline status will be offered such status.

1. Adverse effects: The following represents the adverse effects of increases to the rentals, fees, and charges for FY2019.

   Terminal Complex Rental
   a. Signatory Airlines – Increase of $5.17 per square foot per annum
   b. Non-Signatory Airlines – Increase of $6.47 per square foot per annum

   International Passenger Processing Facility Use Fee:
   a. Signatory Airlines – Increase of $0.50 per deplanement
   b. Non-Signatory Airlines – Increase of $0.63 per deplanement

   This fee is an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

2. Beneficial effects: The following represents the beneficial effects of decreases to the rentals, fees, and charges for FY2019.

   Landing Fee:
   a. Signatory Airlines – Decrease of $0.03 per 1,000 lbs., gross certificated landing weight.
   b. Non-Signatory Airlines / Authorized Tenants – Decrease of $0.03 per 1,000 lbs., gross certificated landing weight.
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This fee is an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

Aircraft Gate Use Fee:
- Signatory Airlines – Decrease of $14,488.00 for each leased gate.
- Non-Signatory Airlines / Authorized Tenants – Decrease of $18,110.00 for each leased gate.

Aircraft Per Turn Fee – Wide Body
- Signatory Airlines – Decrease of $10.00 per turn.
- Non-Signatory Airlines / Authorized Tenants – Decrease of $12.50 per turn.

This fee is an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

Aircraft Per Turn Fee – Narrow Body
- Signatory Airlines – Decrease of $6.00 per turn.
- Non-Signatory Airlines / Authorized Tenants – Decrease of $7.50 per turn.

This fee is an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

Common-Use Ticket Counter Fee: No change in the rate this fiscal year, however it is an activity-based fee and tenants may see an increase or decrease based upon their activity at the Airport.

Common-Use Baggage Service Office Fee: No change in the rate this fiscal year, however it is an activity-based fee and tenants may see an increase or decrease based upon their activity at the Airport.

3. Direct effects:

a. The DOA is committed to managing airline rates and charges in an attempt to keep the cost per enplanement at reasonable levels to attract and retain air service into the Las Vegas market. The DOA continuously looks for ways to maximize non-airline revenues and minimize operating and debt service expenses.

b. The rentals, fees, and charges were calculated in accordance with the rate-making methodology contained in the current Signatory Agreement, and will result in an estimated cost per enplanement of $10.19. This is a $0.05 decrease from FY2018.

4. Indirect effects:

a. Keeping the rentals, fees, and charges stabilized will allow airlines to plan future air service activities without volatile swings.
b. The agreed-upon changes to the overall fees will ensure consistent levels of customer service to the airlines and airline customers, and will help offset maintenance and operational costs to operate the Clark County Airport System.

5. **Other Economic Effects to be Considered**

   a. None for this fiscal year.

F. **The Estimated Cost to the Local Government for the Enforcement of the Proposed Ordinance**

   a. All administrative costs were accounted for in the rate-setting methodology of the FY2019 rentals, fees, and charges. Any additional cost to implement the ordinance change is minor, one-time cost for administrative staff to adjust forms and accounting fields to accommodate the agreed upon changes; negligible.

   b. The Signatory Agreement sets the methodology for the calculation of the rentals, fees, and charges using appropriate cost centers and allocating costs and revenues to each relevant cost center and are applicable to the users of such cost center.

G. **The Estimated Cost to the Local Government for the Administration of the Proposed Ordinance**

   a. All administrative costs were accounted for in the rate-setting methodology of the FY2019 rentals, fees, and charges. No additional costs are anticipated to accommodate these changes.

   b. The Signatory Agreement sets the methodology for the calculation of the rentals, fees, and charges using appropriate cost centers and allocating costs and revenues to each relevant cost center and are applicable to the users of such cost center.

H. **If Applicable, Explanation of a New Fee or Increase to an Existing Fee Including a Projection of the Annual Revenue Expected to be Collected and the Manner in Which the Revenue will be Utilized**

The Airport operates as an Enterprise Fund with a goal of setting rentals, fees, and charges to cover all of the Airport’s operational and maintenance costs. The combination of both minor increases and decreases to the various rentals, fees, and charges is anticipated to cover the operations and maintenance costs of the Clark County Airport System.

I. **Assessment of Provisions of the Proposed Ordinance which may Duplicate or are More Stringent than Federal, State, or Local Standards Regulating the Same Activity**

None.
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J. **If Applicable, Explanation of Why the Duplicative or More Stringent Provisions are Necessary**

Not applicable.

K. **Description of the Methods that Local Government Considered to Modify the Proposed Ordinance; or Otherwise Reduce the Impact of the Proposed Rule on Businesses, the Parties Involved, and a Statement of the Methods Used**

DOA has introduced and continues to employ a number of rate reduction initiatives of maximizing non-airline revenues through new and improved concessions, new tenants, fees for parking and ground transportation, and fees at general aviation airports. DOA has also continued to closely monitor operating and maintenance expenses during FY2018, which has resulted in stable rates and charges to the Airlines for FY2019.

L. **The Reasons for the Conclusions Regarding the Impact of the Proposed Rule on Business**

DOA management gave extensive considerations to minimizing the impact of the proposed rates and fees modifications to ensure that the rentals, fees, and charges would remain as stable as possible based upon current data. The Airport and LAS AAAC developed an approved rate-making methodology that allows for the allocation of revenues and expenses to each of the respective cost centers (residual method). This methodology is contained in the current Signatory Agreement.

**Certification of Business Impact Statement**

In accordance with NRS 237.090, the County Manager, as the Chief Executive Officer for the County, by affixing his/her signature and date below, hereby certifies that, to the best of his/her knowledge or belief, the information contained in this statement is prepared properly pursuant to NRS 237.070 and is accurate.

YOLANDA KING
County Manager/CEO

4/30/2018
Date