

Clark County, Nevada
Business Impact Statement

The following Business Impact Statement was prepared pursuant to Nevada Revised Statutes (NRS) 237.080 and 237.090 to address the proposed impact of adoption of **an Ordinance amending Title 20 of the Clark County Code, Chapter 20.10, Section 20.10.010, to amend the rentals, fees, and charges, for air transportation companies and authorized operators at Harry Reid International Airport.**

1. The following constitutes a description of manner in which comment was solicited from affected businesses, a summary of their responses and explanation of the manner in which other interested persons may obtain a copy of the summary.
 - a. Notice: In 2013, the Clark County Department of Aviation (DOA) worked with the Director of the Department of Business License for Clark County Nevada to obtain an exemption from Section III – PROCEDURE, for those business impact statements that pertain specifically to aviation matters. The exemption limited the stakeholder group to be notified of the proposed ordinance or regulation change to only those aviation stakeholders that may be directly impacted by the proposed change. The exemption also reduced the timeframe of the process to be followed. On September 6, 2013, Jacqueline Holloway, Director of the Department of Business License, executed a memorandum dated July 25, 2013 (Memorandum) establishing the aforementioned exemption. **A copy of the Memorandum is attached.**

On April 4, 2024, in accordance with the requirements of the Airline-Airport Use and Lease Agreement, approved on September 7, 2010, as amended on January 18, 2011, November 5, 2014, and July 21, 2020 (Signatory Agreement) and following past practice, the DOA sent a letter of its proposed budgeted rentals, fees, and charges for Fiscal Year 2025 (FY2025) to all LAS Airline-Airport Affairs Committee (LAS AAAC) members for review and comment. **A copy of the April 4, 2024 letter is attached.**

The LAS AAAC consists of representatives from all the airlines (both Signatory and Non-Signatory), which operate at Harry Reid International Airport (Airport).

On April 9, 2024, the LAS AAAC stakeholder group and DOA met and discussed the calculation and budgetary requirements for the Airport. The methodology used to calculate the FY2025 rentals, fees, and charges followed the methodology established under the Signatory Agreement. The calculated budget includes a variety of assumptions that were presented and discussed with the LAS AAAC stakeholder group. The resulting calculated budget for FY2025 resulted in a modest increase in the overall rates and Cost Per Enplanement (CPE). A number of factors played a part in the slight increases, including

no more relief grant funds, relatively flat passenger enplanement projections for FY2025, increases in wage and benefit costs, increases in operations and maintenance costs, and debt service. No objections were raised by the LAS AAAC stakeholder group.

- b. Summary of Comments: The DOA staff in attendance at the April 9, 2024 meeting held discussions with the LAS AAAC members in attendance, made clarifications, and answered all questions to their satisfaction regarding the FY2025 budget, as presented. At the conclusion of the meeting, the LAS AAAC Signatory Airline members held a vote and unanimously approved the Airport's FY2025 budget, including the proposed rentals, fees, and charges. All material questions and comments received from the LAS AAAC stakeholder group, collectively or individually, were addressed by the DOA.

The LAS AAAC sent written notification on April 10, 2024, indicating their formal approval of the proposed FY2025 Airport budgeted rentals, fees, and charges, as presented on April 9, 2024. The LAS AAAC stakeholder group also agreed with continuing the work necessary to execute the DOA's capital plan for the new fiscal year. **A copy of the April 10, 2024 letter is attached.**

- c. Public Availability of Comments: Upon request, a copy of the proposed Ordinance amendment and Business Impact Statement may be obtained by contacting the Clark County Department of Aviation Business Office, located at Harry Reid International Airport, 5757 Wayne Newton Boulevard, Las Vegas, Nevada 89119, or by emailing aviationaffairs@lasairport.com.
2. The total number of businesses likely to be affected by the proposed rule: Please see attached Memorandum with exemption and which addresses business impact statements that pertain specifically to aviation matters and includes exemption to limit the stakeholders that may be directly impacted by the proposed change. The stakeholders are existing airport partners who are cognizant of the strict time frames associated with review of the financial documents and the need to provide feedback timely.
 3. The following chambers of commerce and trade associations were notified of the proposed rule: Please see attached Memorandum with exemption.
 4. The following is a summary of the workshop(s) conducted pursuant to NRS 237.080 (5): Please see attached Memorandum with exemption.
 5. The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

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.

- a. Adverse Effects: The following represents the impacts of the calculated budget and rentals, fees, and charges, effective July 1, 2024, for FY2025.

Landing Fee (All Airlines):

Signatory and Non-Signatory Airline tenants will see a rate increase of approximately \$0.26 cents for each 1,000 lbs., gross certified landing weight, or fraction thereof, of maximum gross landing weight. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

Terminal Complex Rental:

Signatory Airline tenants will see an increase of \$11.09 per square foot per annum and Non-Signatory Airline tenants will see an increase of \$13.87 per square foot per annum for Terminal Complex rentals.

Aircraft Gate Use Fee:

Signatory and Non-Signatory Airline tenants will see a rate increase of approximately 17% per annum for each leased gate.

This increase will only affect airlines that lease preferential gates.

Aircraft Turn Fee:

Signatory and Non-Signatory Airline tenants will see a rate increase of approximately 6% for wide and narrow body aircraft turn fees. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

Common Use Ticket Counter Fee:

Signatory Airlines – Increase of \$0.09 cents per enplanement.

Non-Signatory Airlines – Increase of \$0.11 cents per enplanement.

This increase will only affect airlines that occupy common use ticket counters. This fee is also an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

Common Use Baggage Service Office Fee:

Signatory Airlines – Increase of \$0.01 cents per enplanement.

Non-Signatory Airlines – Increase of \$0.02 cents per enplanement.

This increase will only affect airlines that occupy a common use baggage service office. This fee is also an activity-based fee, so any increase or decrease to a specific airline will be based upon their activity at the Airport.

- b. Beneficial Effects: The following represents the beneficial effects of adjusting the rentals, fees, and charges, effective July 1, 2024 for FY2025.

A modification of the overall fees is required to maintain the same level of customer service to the airlines and airline customers and to help offset maintenance and operational costs to operate the Clark County Airport System. The projected Cost Per Enplaned Passenger (CPE) for FY2025 stands at \$7.27, representing a modest increase of \$0.78 compared to the previous fiscal year. This rate remains competitively lower than that of other comparable large hub airports. The Airport operates as an Enterprise Fund, therefore a 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.

Apron Storage Fee (Covered and Uncovered):

This fee was not increased, no impact.

International Passenger Processing Facility Use Fee:

This fee was not increased, no impact.

Off-Gate Aircraft Parking Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

Air Cargo Apron Use Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

GSE Building Rental Fee:

This fee was not increased, no impact. Only affects airlines that occupy GSE Building space.

Reservoir Storage Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

Fuel Flowage Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

Off-Airport Fuel Storage Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

West Side International Aircraft Facility Use Fee:

This fee was not increased. However, this is an activity-based fee, so any increase or decrease will be based upon activity at the Airport.

- c. Direct Effects: The following represents the direct effects of changes to the rentals, fees, and charges, effective July 1, 2024, for FY2025.

The DOA is committed to managing airline rates and charges in order 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. The calculated FY2025 budget is projecting 67% of total revenue being generated from non-airline sources versus 33% from airline revenue.

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 \$7.27. This is a \$0.78 cent increase over the prior FY2024.

- d. Indirect Effects: The following represents the indirect effects of changes to the rentals, fees, and charges for FY2025.

Keeping the rentals, fees, and charges stabilized allows airlines to plan future air service activities without volatile swings.

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.

- e. Other Economic Effects to be Considered: None for this fiscal year.

6. The following constitutes a description of the methods that the local government considered to reduce the impact of the proposed rule on businesses and a statement regarding whether any, and if so which, of these methods were used:

The FY2025 rentals, fees, and charges were calculated in accordance with the rate-making methodology contained in the current Signatory Agreement.

7. The governing body estimates the annual cost to the local government for enforcement of the proposed rule is:

Salary, wages, and benefits for FY2025 are estimated at \$170.4 million. All administrative costs were accounted for in the rate-setting methodology of the FY2025 budgeted rentals, fees, and charges. Any additional cost to implement the ordinance change is a minor one-time cost for administrative staff to adjust forms and accounting fields to accommodate the agreed upon changes is negligible.

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.

8. The proposed rule provides for a new fee or increases an existing fee and the total annual amount expected to be collected is:

The estimated amount to be collected for increases to the Landing Fees, Terminal Complex Rental, Aircraft Gate Use Fees, Aircraft Turn Fees, Common Use Ticket Counter Fee, and Common Use Baggage Service Office Fee for Fiscal Year 2025 are estimated to be approximately \$203.8 million, which is a 15% increase from the previous fiscal year. However, non-airline revenue is estimated to increase by approximately 7% and will help offset the increase.

9. The money generated by the fee or increase in existing fee will be used by the local government to:

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.

10. The proposed rule includes provisions that duplicate or are more stringent than federal, state, or local standards regulating the same activity. The following explains when such duplicative or more stringent provisions are necessary:

Not applicable.

11. Set forth the reasons for the conclusions regarding the impact of the proposed rule on businesses.

DOA management gave extensive considerations to minimizing the impact of the proposed rates and charges modifications to ensure that the rentals, fees, and charges would remain as stable as possible based upon current activity and 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

Pursuant to NRS 237.090(2), I, Kevin Schiller, as County Manager for Clark County, Nevada, hereby certify that, to the best of my knowledge and belief, the information contained in this statement was prepared properly and accurately.



Kevin Schiller


County Manager, Clark County Nevada

Dated: 4-22-2024

MEMORANDUM
DEPARTMENT OF AVIATION

ROSEMARY A. VASSILIADIS
Director

TO: Jacqueline Holloway, Business License Director

FROM: Rosemary A. Vassiliadis, Director 

SUBJECT: Request Exemption from Admin Guideline #(draft) Business Impact Statements

DATE: July 25, 2013

The Department of Aviation seeks an exemption from Section III – PROCEDURE for those business impact statements that pertain specifically to aviation matters.

The exemption being sought is to limit the stakeholder group to be notified of the proposed ordinance or regulation change to only those aviation stakeholders that may be directly impacted by the proposed change. The exemption would also reduce the timeframe of the process to be followed in disseminating the notification, gathering the information from the stakeholders and developing the required analysis. As an example, the airport produces specific business impact statements annually which coincide with the development of the rates and charges program. The stakeholders are existing airport partners whom are cognizant of the strict time frames associated with review of the financial documents and the need to provide feedback timely. Our requested exemption would cover these rates and charges program changes, as well as, other similar airport-specific ordinance or regulation proposed changes. This request is not intended to limit the scope of the business impact statement as required by legislation. The Board of County Commission agenda process will be followed.

For other non-aviation specific business impact statements, the airport will follow the approved administrative guideline.

Please let me know if you wish to discuss this further.

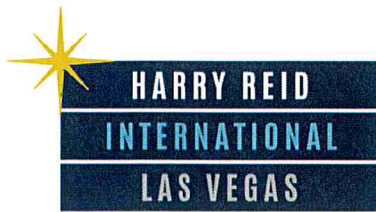
I appreciate your consideration of this request.

Reviewed and Discussed with Aviation


Jacqueline Holloway, Business License Director

9/6/13
Date

cc: Harry Waters, Deputy Director



Department of Aviation
Rosemary A. Vassiliadis, Director
P.O. Box 11005
Las Vegas, NV, 89111-1005
(702) 261-5211
Fax (702) 597-9553

April 4, 2024

Mr. David Sellers
Manager, Airport Affairs
LAS Airline and Airport Affairs Committee Chair
SOUTHWEST AIRLINES CO.
P.O. Box 36611
HDQ-4PF
Dallas, TX 75235-1611

RE: LAS FISCAL YEAR 2025 BUDGET / RATES AND CHARGES SUBMITTAL

Dear Mr. Sellers,

Please find attached the budget report for the LAS Airline and Airport Affairs Committee (AAAC) to review prior to our scheduled AAAC meeting on Tuesday, April 9, 2024 at 12:00 PM (Pacific Time). We are happy to discuss any questions or concerns you and the AAAC members may have regarding this information.

The enclosed report provides financial information for the FY2025 Airport Budget. It is important to highlight that this information is provided in compliance with the approved rates and charges methodology outlined in Exhibits D1 through D12 of the Airline-Airport Use and Lease Agreement, as amended.

We are delighted to provide this report and highlight that the projected Cost Per Enplaned Passenger (CPE) for FY2025 stands at \$7.27, representing a modest increase of \$0.78 compared to the previous fiscal year's \$6.49. Importantly, this rate remains competitively lower than that of other comparable large hub airports. Additionally, Landing Fees, Terminal Rental, Aircraft Gate Use Fees, Aircraft Turn Fees, and Common Use Per Passenger rates have all seen slight upticks in this year's budget. Projections indicate that enplanements are expected to show relatively flat growth.

The Department of Aviation remains dedicated to supporting our Airline partners by maintaining low and competitive operating costs in Las Vegas compared to our airport counterparts. We appreciate your collaboration and eagerly anticipate our upcoming meeting to address any questions you may have.

Sincerely,

PHILLIP DETMER
Manager, Commercial Business & Development

Attachment(s)

cc: Rosemary Vassiliadis Joseph Piurkowski Tyler McHenry Scott Kichline
LAS Airline-Airport Affairs Committee (AAAC) Members



Clark County Board of Commissioners

Tick Segerblom, Chair • William McCurdy II, Vice Chair • James B. Gibson
Justin C. Jones • Marilyn Kirkpatrick • Ross Miller • Michael Naft

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April 10, 2024

Ms. Rosemary A. Vassiliadis
Director, Clark County Department of Aviation
Harry Reid International Airport
5757 Wayne Newton Blvd.
Las Vegas, NV 89119

Re: **Approval of the Proposed Airline Rates and Charges - Fiscal Year Ended June 30, 2025**

Dear Rosemary,

First and foremost, congratulations on your record setting year and on your tremendous success with the F1 event and the Superbowl. You and your team's meticulous planning and excellent execution were the singular reason both events were so successful and the primary reason for the excellent financial results for FY 2024. You should all be very proud of what was accomplished in 2024 and please know that all of the carriers sincerely appreciate all of the hard work you consistently invest in ensuring Harry Reid is ready for any challenge that comes your way. Very impressive!

Thank you once again for your gracious hosting of the annual AAAC Rates and Charges meeting on April 9, 2024. As expected, you and your team were extremely informative in discussing all of the exciting developments transpiring in and around the airport and very thorough in your review of the airport financial data. Thank you again!

As indicated during the meeting, the airlines are very pleased with the results of all of the hard work the Finance team put into developing rates and charges for the new Fiscal Year. Please accept this correspondence as formal notification of the LAS air carrier's support for the proposed rates and charges for the Fiscal Year ending June 30, 2025, and our support for the capital expenditures planned for the new FY.

I sincerely appreciate you and the Committee allowing me to again chair the meeting remotely this year. While nothing can replace the pleasure of seeing you, the LAS team and my fellow airline compatriots in person, I thoroughly enjoyed the meeting virtually and thought it went extremely well. Again, thank you for your wonderful hospitality and please don't hesitate to contact me if you have any questions.

Sincerely,

DP Sellers

David Sellers
SOUTHWEST AIRLINES CO.
Chair - LAS Airline and Airport Affairs Committee

Cc: LAS AAAC