

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 McCarran International Airport.**

1. The following constitutes a description of the number of and 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. *NRS 237.090(1)(a)*

- 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, an exemption was approved by Jacqueline Holloway, Director of the Department of Business License, regarding business impact statements that pertain specifically to aviation matters. **A copy of the memorandum, dated July 25, 2013, is attached.**

On April 12, 2021, 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 its proposed budgeted rentals, fees, and charges for FY2022 to all of the LAS Airline-Airport Affairs Committee (LAS AAAC) members for review and comment. **A copy of this letter is attached.**

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

On April 15, 2021, the LAS AAAC stakeholder group and DOA met and discussed the calculation and budgetary requirements for the Airport. The methodology used to calculate the FY2022 rentals, fees, and charges followed the methodology established under the Signatory Agreement. As McCarran International Airport continues to navigate the ongoing COVID-19 pandemic, the calculated budget includes a variety of assumptions that were presented and discussed with the LAS AAAC stakeholder group. The DOA's efforts at reducing costs and managing its debt profile, in parallel with the strategy for use of the Rate Stabilization Fund and CARES funding, have put the Airport and Airlines in an excellent position to recover

in the upcoming Fiscal Year 2022 from a devastating Fiscal Year 2021. No objections were raised by the LAS AAAC stakeholder group.

- b. Summary of Comments: The LAS AAAC members and DOA staff in attendance at the April 15, 2021 meeting (either in person or via conference call) held discussions, made clarifications and answered all questions to their satisfaction regarding the FY2022 budget, as presented. At the conclusion of the meeting, the LAS AAAC Signatory Airline members held a vote and unanimously approved the Airport's FY2022 budget, including the 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 17, 2021, indicating their formal approval of the proposed FY2022 Airport budgeted rentals, fees, and charges, as presented on April 15, 2021. 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 17, 2021 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 McCarran International Airport, 5757 Wayne Newton Boulevard, Las Vegas, Nevada 89119, or by emailing aviationaffairs@mccarran.com.
2. The estimated economic effect of the proposed rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects: *NRS 237.090(1)(b)*

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 adverse effects of increases to the rentals, fees, and charges, effective July 1, 2021, for FY2022.

Air Cargo Apron Use Fee

- a. Signatory Airlines – Increase of \$0.15 per 1,000 lbs. gross certificated landing weight.
- b. Non-Signatory Airlines – Increase of \$0.15 per 1,000 lbs. gross certificated landing weight.

Increasing demand has required expansion to accommodate an additional air cargo building. The Airport conducted a study and this expansion should meet demand for the next twenty (20) years. Expansion will require increasing the Air

Cargo Apron Use Fee, which will provide additional revenue to help cover the costs over time. 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.

- b. Beneficial Effects: The following represents the beneficial effects of adjusting the rentals, fees, and charges, effective July 1, 2021, for FY2022.

The DOA's efforts at reducing costs and managing its debt profile in parallel with the strategy for use of the Rate Stabilization Fund and CARES funding, put the Airport and Airlines in an excellent position to recover in Fiscal Year 2022. The DOA was able to reduce most of the rentals, fees, and charges. These reductions, along with similar reductions in every category of Airport rates and charges has resulted in a substantially improved projected Airport Cost Per Enplanement (CPE) of \$12.17, down dramatically from the projected Fiscal Year 2021 CPE of \$18.98. 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.

Terminal Complex Rental:

- a. Signatory Airlines – Decrease of \$17.08 per square foot per annum.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$21.35 per square foot per annum.

Landing Fee:

- a. Signatory Airlines – Decrease of \$0.55 per 1,000 lbs., gross certificated landing weight.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$0.55 per 1,000 lbs., gross certificated landing weight.

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:

- a. Signatory Airlines – Decrease of \$19,654.00 per annum for each leased gate.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$24,567.50 for each leased gate.

Aircraft Per Turn Fee – Wide Body

- a. Signatory Airlines – Decrease of \$143.00 per turn.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$178.75 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

- a. Signatory Airlines – Decrease of \$95.00 per turn.

- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$118.75 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:

- a. Signatory Airlines – Decrease of \$1.03 per enplanement.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$1.29 per enplanement.

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 Baggage Service Office Fee:

- a. Signatory Airlines – Decrease of \$0.02 per enplanement.
- b. Non-Signatory Airlines/Authorized Tenants – Decrease of \$0.03 per enplanement.

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.

Apron Storage Fee – Uncovered and Covered Apron: No change in the rate this fiscal year.

Off-Gate Aircraft Parking Fees: 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.

International Passenger Processing Facility Use 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.

- c. Direct Effects: The following represents the direct effects of changes to the rentals, fees, and charges, effective July 1, 2021, for FY2022.

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 efforts the DOA made at reducing costs and managing its debt profile, in parallel with the strategy for use of the Rate Stabilization Fund and CARES funding have put the Airport and Airlines in an excellent position to recover in Fiscal Year 2022.

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 \$12.17. This is a \$6.81 decrease from FY2021.

- d. Indirect Effects: The following represents the indirect effects of changes to the rentals, fees, and charges for FY2022.

Under the proposed FY2022 budget, the Airport paid down debt and applied federal relief funds to stabilize projected rates and charges. 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.

Additionally, based on the DOA's estimates, it looks as though the Airport should also be able to replenish the Rate Stabilization Fund balance by the end of the Fiscal Year 2022.

- e. Other Economic Effects to be Considered: None for this fiscal year.
- 3. 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: (Include whether the following were considered: Simplifying the proposed rule, establishing different standards of compliance for a business, and if applicable, modifying a fee or fine set forth in the rule, so that a business could pay a lower fee or fine). *NRS 237.090(1) (c)*

The FY2022 rentals, fees, and charges were calculated in accordance with the rate-making methodology contained in the current Signatory Agreement. The DOA introduced and continues to employ a number of rate reduction initiatives for maximizing non-airline revenues through new and improved concessions, new tenants, fees for parking and ground transportation, and fees at general aviation airports. The DOA also continued to closely monitor operating and maintenance expenses during FY2021. During FY2021, the DOA employed a number of cost reduction measures to conserve costs, which included: strategic hiring freeze, budget reductions, canceling or suspending capital construction projects where possible, renegotiating contracts, and consolidating operations.

- 4. The governing body estimates the annual cost to the local government for enforcement of the proposed rule is: *NRS 237.090(1) (d)*

Salary, wages, and benefits for FY2022 are estimated at \$93.7 million. All administrative costs were accounted for in the rate-setting methodology of the FY2022 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.

5. The proposed rule provides for a new fee or increases an existing fee and the total annual amount expected to be collected is: (Include any relevant figures, charts, and/or tables). *NRS 237.090(1) (e)*

The projected amount to be collected for Air Cargo Apron Use Fees for Fiscal Year 2022 (FY22) is \$581,000.

6. The money generated by the fee or increase in existing fee will be used by the local government to: *NRS 237.090(1) (f)*

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.

7. 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: *NRS 237.090(1) (f)*

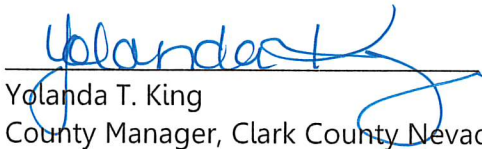
Not applicable.

8. Set forth the reasons for the conclusions regarding the impact of the proposed rule on businesses. *NRS 237.090(1) (g)*

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, Yolanda T. King, 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.



Yolanda T. King
County Manager, Clark County Nevada

Dated: 4/27/2021

MEMORANDUM
DEPARTMENT OF AVIATION

ROSEMARY A. VASSILIADIS
Director

TO: Jacqueline Holloway, Business License Director
FROM: Rosemary A. Vassiliadis, Director *RAV*
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.

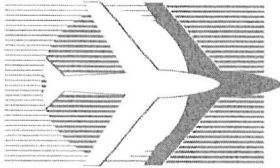
Reviewed and Discussed with Aviation

Jacqueline R. Holloway
Jacqueline Holloway, Business License Director

9/6/13
Date

cc: Harry Waters, Deputy Director

LAS VEGAS



MCCARRAN INTERNATIONAL AIRPORT

Department of Aviation

ROSEMARY A. VASSILIADIS
DIRECTOR

POSTAL BOX 11005
LAS VEGAS, NEVADA 89111-1005
(702) 261-5211
FAX (702) 597-9553

April 12, 2021

Mr. David Sellers,
Manager, Airport Affairs
SOUTHWEST AIRLINES CO.
2702 Love Field Drive
Dallas, TX 75235-1611

RE: LAS Fiscal Year 2022 Budget / Rates and Charges Submittal

Dear Mr. Sellers,

Attached you will find the above referenced report to the LAS Airline and Airport Affairs Committee (AAAC), for review prior to our LAS AAAC Meeting scheduled for **Thursday, April 15, 2021 at 10:00 AM (Pacific Time)**. We will be happy to discuss any questions or concerns you and the AAAC members have regarding this information.

The attached report provides financial information for the FY2022 Budget. It is important to note 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.

As we continue to navigate the ongoing COVID-19 pandemic, our projections and budget calculations include a variety of assumptions that we will be discussing in depth at the meeting. The good news is you will see favorable changes in the rates and charges, compared to the preliminary rate projection report provided in early March. The most notable is a positive adjustment to the projected FY2022 CPE from \$16.70 down to \$12.17, as the Airport has paid down some debt and applied federal relief funds to stabilize projected rates and charges.

Additionally, based on our estimates it looks as though we should also be able to replenish the RSF balance (at the amended 14%) by the end of this fiscal year, due in large part to the tremendous job the LAS team has done to control cost, along with the support from our airline partners and tenants.

The Department of Aviation remains committed to its Airline partners by keeping the costs for operating at Las Vegas low and competitive to our peers, and we thank you for your partnership. We look forward to our meeting and addressing any of your questions or concerns.

Sincerely,

PHILLIP DETMER
Manager, Commercial & Business Development

Enclosures, as noted above

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



Clark County Board of Commissioners

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

Southwest Airlines Co.
David Sellers
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214-792-4909
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April 17, 2021

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

Re: **Approval of the Proposed Airline Rates and Charges - Fiscal Year Ended June 30, 2022**

Dear Rosemary,

As mentioned multiple times during the April 15th LAS AAAC meeting, the results of all of the hard work you and your team have put into managing McCarren over this past year are truly remarkable. Your efforts at reducing costs and managing your debt profile in parallel with the strategy for use of the Rate Stabilization Fund and CARES funding have put all of us in an excellent position to recover in FY 2022 from a devastating FY 2021.

In quick summary, you and your team were able to reduce the Terminal Rental Rate from the 2021-budgeted rate of \$173.37 to \$156.29, the Landing Fee from \$1.88 to \$1.22 and the Aircraft Gate Use Fee from \$203,958 to \$183,428. These reductions along with similar reductions in every category of Airport Rates and Charges has resulted in a substantially improved projected Airport CPE of \$12.17, down dramatically from the projected FY 2021 CPE of \$18.80. Again, these are truly remarkable results that you and the team should be very proud to have achieved. Thank you!

Please accept this correspondence as formal notification of the air carrier's support for the new fiscal year 2021/2022 rates and charges and for continuing the work necessary to execute the your capital plan for the new FY.

As usual, our annual meeting went extremely well and I was very pleased to be able to attend in person. 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