



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Manager

To: City Council

From: City Manager & Staff

Council Meeting Date: May 2, 2016

Re: Proposed Hotel/Motel Tax Adjustment for August 2016 Ballot

Executive Summary

Approval of this legislation would place a proposition before the voters in August to raise the local hotel/motel tax from 4% to 5%. Revenues generated from this temporary 1% increase will be dedicated to the Airport Terminal Improvement Project and collected for a maximum of 23 years.

Discussion

Revenues generated from the temporary 1% increase in the hotel/motel tax are proposed to be used for the Airport Terminal Improvement Project. With a growing population and an ever-increasing need for air service, Columbia Regional Airport (COU) is in desperate need of an upgrade to its facilities. Furthermore, the current airport does not comply with ADA standards and most of the airport's facilities are undersized for the passenger activity it is currently experiencing. Annual enplanements for COU have increased dramatically year-over-year since 2008. From 2010-2015, COU experienced an 86% increase in enplanements during the five-year period. In 2015, COU had a 21.8% increase in passenger enplanements, totaling 64,341 and served 129,887 passengers. Expectations for 2016 are that COU will exceed 70,000 enplanements making it the highest year of enplanements in the history of the airport.

The current facility is approximately 18,775 sq. ft., and based on a recent master planning process by airport consultant Parsons Brinckerhoff, the existing terminal should be approximately 34,800 sq. ft. to accommodate current passenger activity levels. Additionally, there are 554 parking spots available with current demand exceeding 630 spots on a daily basis. As part of the master planning process, Parsons Brinckerhoff also evaluated future growth projections and provided multiple scenarios based on Passenger Activity Levels (PAL) and the necessary terminal facility requirements. Base forecasting (PAL 1) shows 90,000 enplanements by 2021 and the need for a 43,700 sq. ft. terminal with 1,030 parking spots by 2021; whereas, PAL 3 which is based on guidance from FAA and the Airports Cooperative Research Program forecasts 120,000 enplanements by 2021 and the need for a 61,900 sq. ft. terminal and 1,190 parking spaces. These forecasts take into consideration capacity issues and ensure that the new terminal will meet the needs of the traveling public and necessary space for ticket counters, airline operations, baggage, concessions, rental cars, waiting areas and circulation areas, hold rooms, restrooms, security, and administrative functions such as offices, ARFF, TSA, etc.

Columbia Regional Airport is an economic driver for mid-Missouri and is utilized for both commercial and general aviation. Area residents fly from Columbia to other destinations,



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and COU has proven to be a viable transportation mode for bringing visitors to our community for various leisure activities, corporate travel, conferences/meetings, and the like. A regional airport is also critical to the success of our existing legacy companies and attracting new businesses to our region because of the need for air service. COU's economic impact, as determined by the Missouri Department of Transportation (MoDOT) in 2012, showed 745 total jobs, \$26 million in total annual payroll and \$87 million in total annual output of goods and services. With a larger terminal and increased passenger activity, comes the opportunity for an even greater economic impact and utilization for both inbound and outbound passengers.

The Convention and Visitors Bureau staff continues to evaluate the financial impact of lost business to our local economy, including conferences that do not consider Columbia as a viable destination due to limited air service. More recently, Columbia lost a national convention to Springfield citing limited air service. The potential lost revenue for this three day conference was calculated to be \$35,486.

In 2014, the City of Columbia conducted a citizen survey and specifically asked the following question: How supportive would you be of increasing the tax charged to visitors who stay in hotels in the city to fund the construction of a new terminal for the Columbia Regional Airport? Of the survey respondents, 67% responded affirmatively either as "very supportive", "supportive", or "somewhat supportive".

The current 4% rate has been in effect since January 2000. The proposed temporary 1% increase (raising it to 5%) would continue to place Columbia's tax rate as one of the lowest in the state with competitive communities ranging from Springfield at 5%, Jefferson City at 7%, Lake of the Ozarks at 5%, St. Charles at 6% and Overland Park, KS at 9%.

With City Council's approval to place this issue on the upcoming August ballot and with the necessary voter authorization, collection of the dedicated 1% hotel/motel tax will leverage additional funding options for the Airport Terminal Improvement Project, including federal and state. Parsons Brinckerhoff intends to submit final documentation of the Terminal Area Master Plan study to the FAA in July. The submittal will include the recommended site analysis, implementation plan, financial plan, environmental overview and the updated airport layout plan. In the coming year following that submittal, the City of Columbia will be requesting federal funding for this project in the amount of \$20 million (maximum allowed by statute), and will also pursue funding from the State of Missouri and MoDOT to assist with the match and fulfill the total anticipated cost of a new terminal. Other funding options may include implementation of on-site airport parking fees and/or possible future federal authorization for an increase in Passenger Facility Charges (PFC) which provides additional funds towards airport capital projects.



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Short-Term Impact: Election cost to include proposition on the ballot, approximately \$125,000.

Long-Term Impact: The hotel/motel tax is primarily paid by visitors to our community. Based on current revenue collections, 1% on average generates \$500,000 annually and the city anticipates generating approximately \$8-\$10 million from this temporary tax over a 23 year period.

Vision & Strategic Plan Impact

Vision Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Not Applicable, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
12/03/1979	Council initially levied the 2% hotel tax for tourism on December 3, 1979, which took effect on January 1, 1980.
08/16/1991	A proposal to increase the tax to 3 1/2 % in August of 1991 was defeated by the public.
11/02/1999	A proposal to increase the tax from 2% to 4% in November of 1999 was passed by the public.

Suggested Council Action

Staff suggests approval of the ordinance to place the proposed temporary 1% increase to the hotel/motel tax on the August 2, 2016, ballot. Ballot language needs to be provided to the Boone County Clerk's Office on or before May 24, 2016.

Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. B 113-16

AN ORDINANCE

calling a special election in the City of Columbia, Missouri, to be held on Tuesday, August 2, 2016, on the question whether to increase the gross receipts license tax on hotels and motels; directing notification of the election authority; describing the form of the notice of election; and fixing the time when this ordinance shall become effective.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. A special election is hereby ordered to be held in the City of Columbia, Missouri, on Tuesday, August 2, 2016, on the following question:

PROPOSITION 1

Shall the City of Columbia, Missouri increase the gross receipts license tax on hotels and motels from 4 percent to 5 percent of the gross daily rental receipts due from or paid by transient guests for a period not to exceed 23 years, such gross receipts license tax to be used for tourism and economic development purposes including construction of a new airport terminal and related improvements, with such tax thereafter to be levied at a rate of 4 percent?

SECTION 2. The City Clerk is hereby authorized and directed to notify the Clerk of the County Commission of Boone County, Missouri, of the adoption of this ordinance no later than 5 o'clock p.m. on May 24, 2016, and to include in the notification all of the terms and provisions required by Chapter 115, RSMo. as amended.

SECTION 3. The form of the notice of election shall be substantially as set forth on "Exhibit A" attached hereto.

SECTION 4. The election shall be held and conducted, and the results thereof canvassed and returned, in all respects in accordance with the laws of the State of Missouri and the Charter and Ordinances of the City of Columbia, Missouri.

SECTION 5. This ordinance shall be in full force and effect from and after its passage.

PASSED this _____ day of _____, 2016.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

NOTICE OF SPECIAL ELECTION
City of Columbia, Missouri

Notice is hereby given to the qualified voters of the City of Columbia, Missouri, that the City Council of the City has called an election to be held in the City on Tuesday, August 2, 2016, commencing at six o'clock a.m. and closing at seven o'clock p.m., on the question contained in the following sample ballot:

OFFICIAL BALLOT
Special Election
City of Columbia, Missouri
Tuesday, August 2, 2016

PROPOSITION 1

Shall the City of Columbia, Missouri increase the gross receipts license tax on hotels and motels from 4 percent to 5 percent of the gross daily rental receipts due from or paid by transient guests for a period not to exceed 23 years, such gross receipts license tax to be used for tourism and economic development purposes including construction of a new airport terminal and related improvements, with such tax thereafter to be levied at a rate of 4 percent?

- YES
 NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

The election will be held at the following polling places in the City:

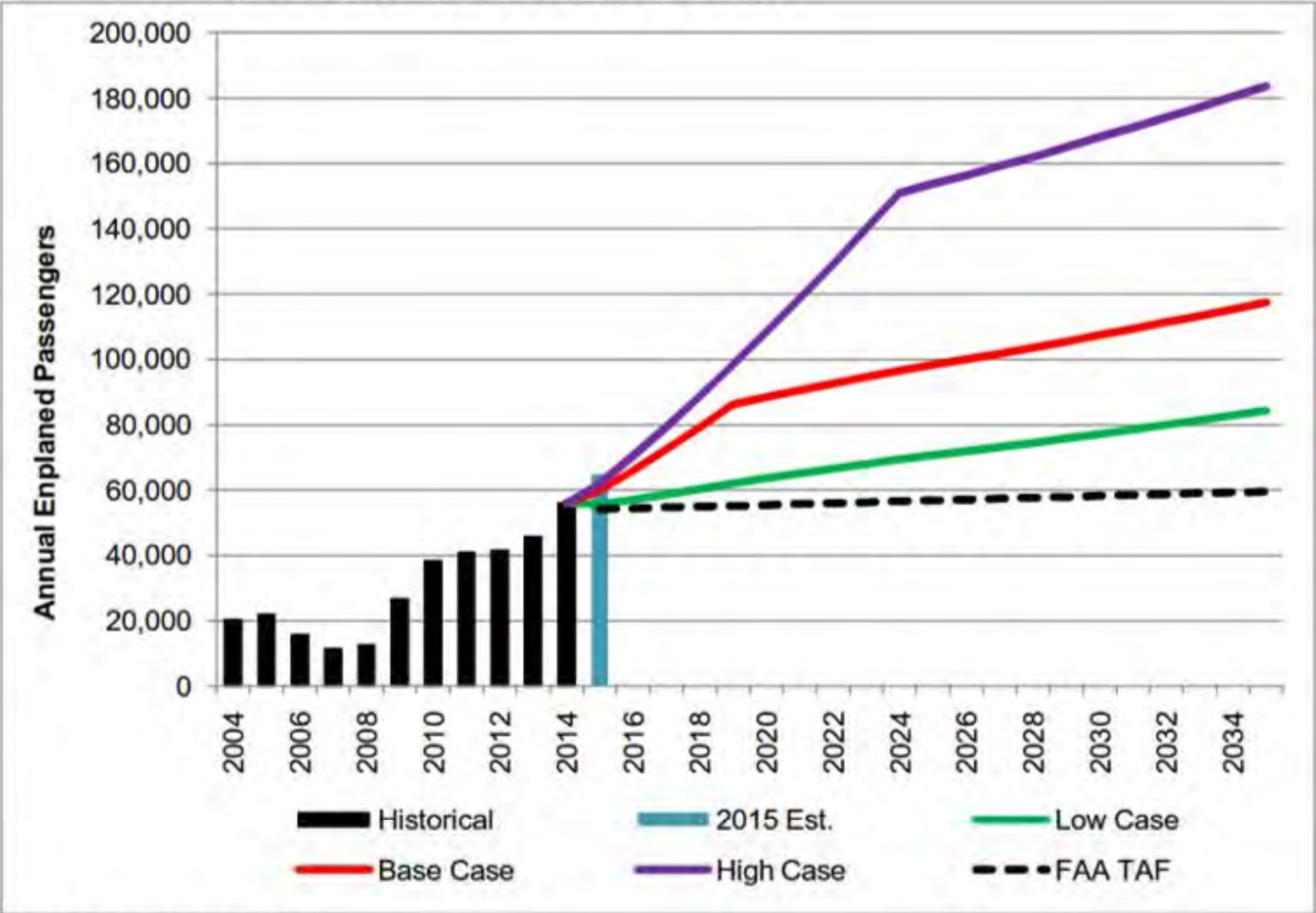
[Polling places to be added by election authority.]

[Date to be added by election authority.]

[Name and title of election authority to be added by election authority.]

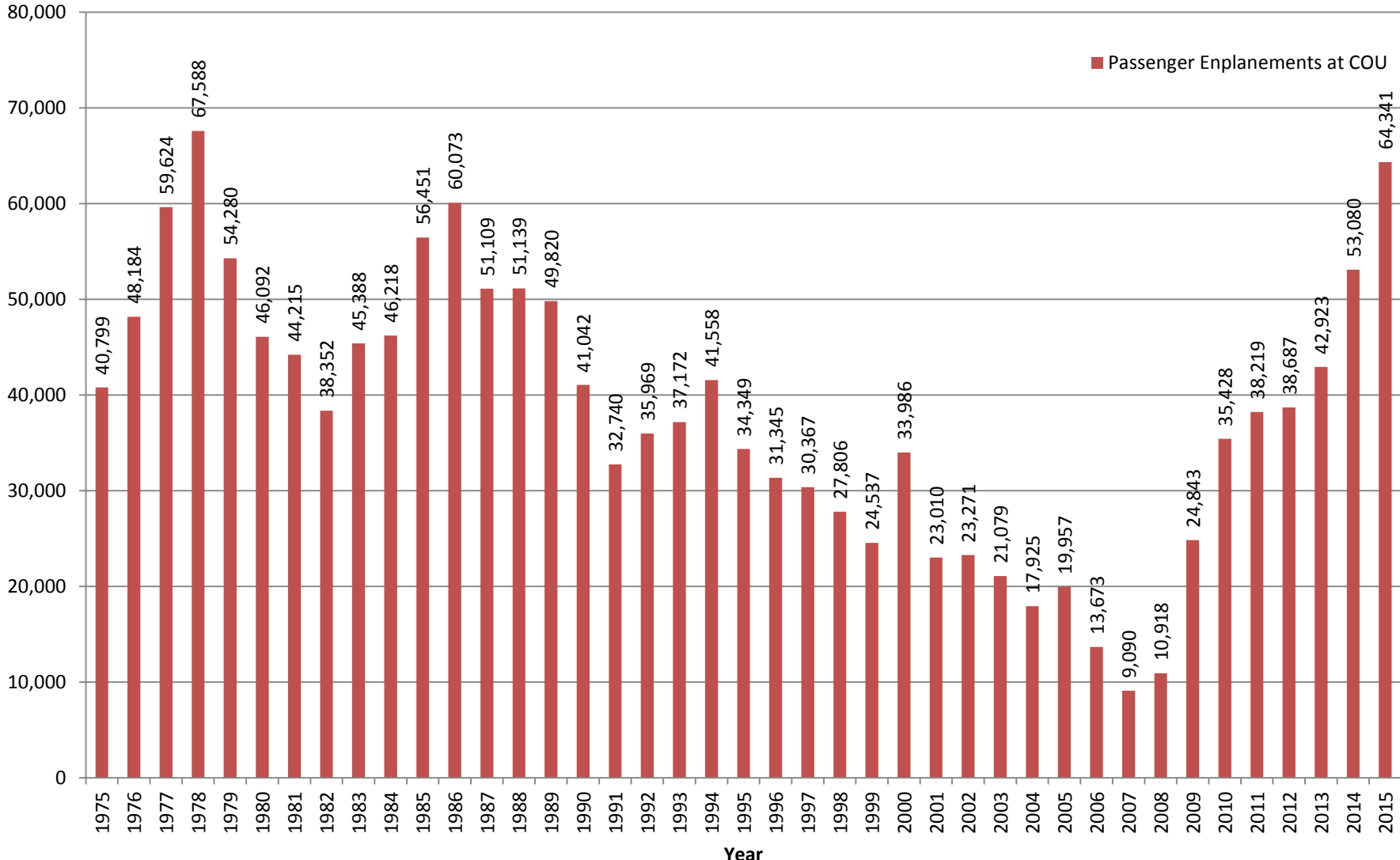
SUPPORTING
DOCUMENTS FOR
THIS AGENDA ITEM

Exhibit 3.17 Enplaned Passenger Forecast Scenarios

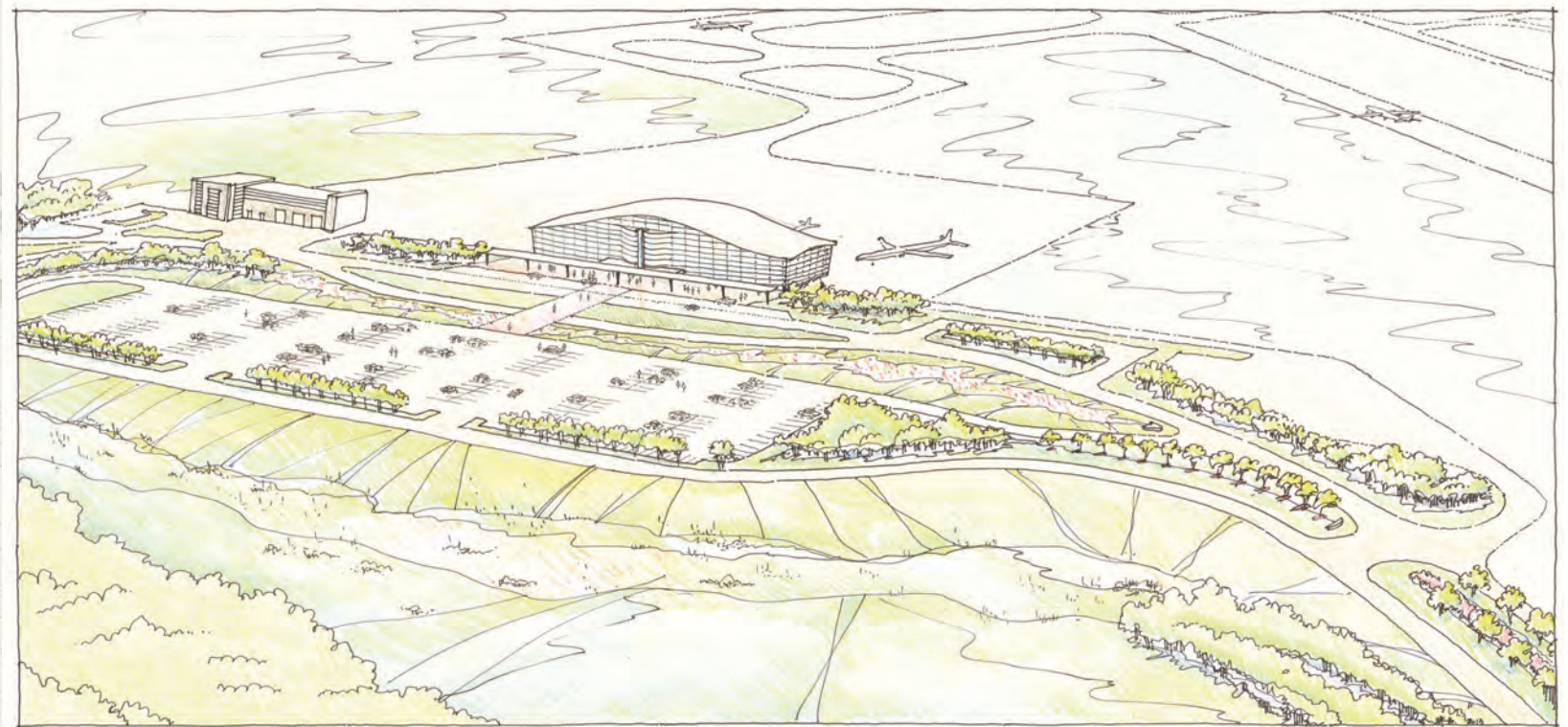


Source: Parsons Brinckerhoff

Columbia Regional Airport Annual Enplanement Totals 1975 to 2015 (YTD) Commercial Air Traffic



Site Aerial Perspective

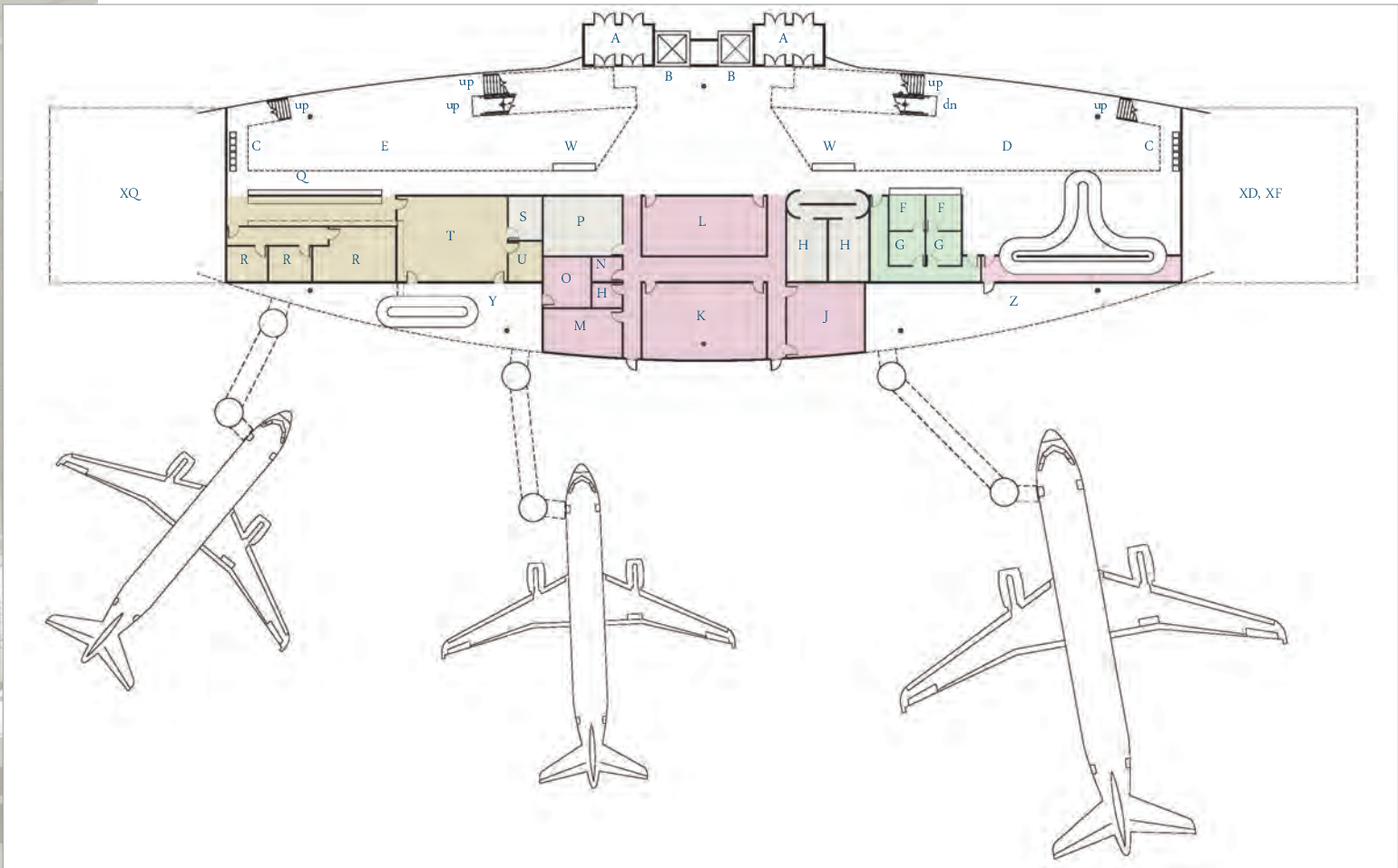


Columbia Regional Airport: New Terminal Design

Level 1 Floor Plan

LEGEND

- A Vestibule
- B Elevators
- C Seating
- D Baggage Claim Court
- E Ticketing Court
- F Car Rental
- G Office
- H Toilet
- J Training
- K EOC
- L Business Center
- M Director
- N Janitorial
- O Ops
- P Mechanical
- Q Ticketing
- R ATO
- S Storage
- T TSA Offices
- U Break Room
- W Art Feature
- XD Future Expansion, Baggage Claim Court
- XF Future Expansion, Car Rental
- XQ Future Expansion, Ticketing
- Y Bag Loading
- Z Bag Unloading

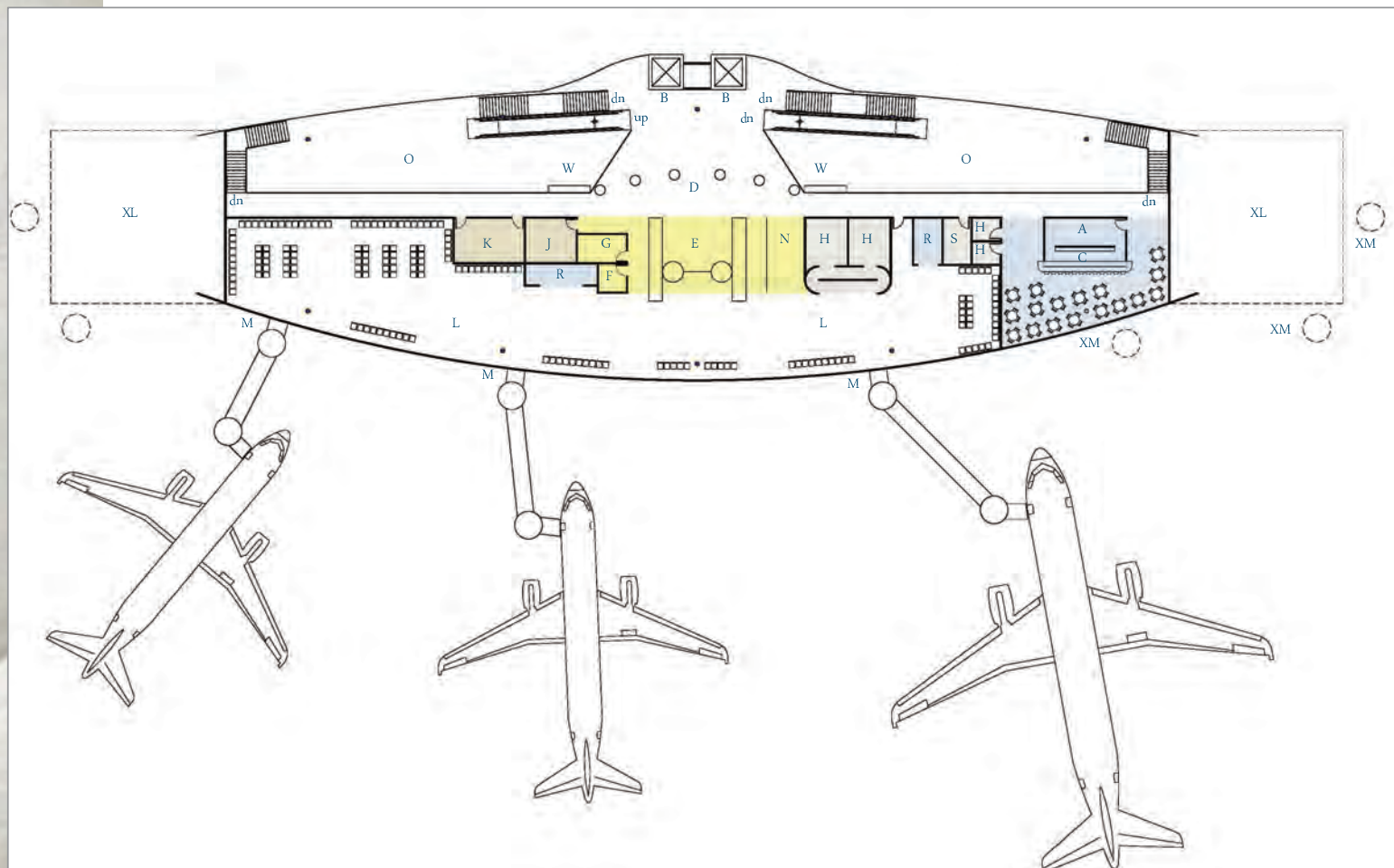


Columbia Regional Airport: New Terminal Design

Level 2 Floor Plan

LEGEND

- A Kitchen
- B Elevators
- C Restaurant / Bar
- D Colonnade
- E Security
- F Screening
- G Security
- H Toilet
- J TSA Support Area
- K Administration
- L Hold Room
- M Gate
- N Return Flight Corridor
- O Open to Below
- R Retail
- S Storage
- W Art Feature
- XL Future Expansion, Hold Room
- XM Future Expansion, Gate



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