



TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTOR STAFF REPORT

AGENDA TITLE: New Landing Fee & Ramp Fee Proposal

MEETING DATE: August 24, 2022

PREPARED BY: Robb Etnyre, General Manager

RECOMMENDATION: Approve the introduction of a Landing Fee at Truckee Tahoe Airport (TRK).

DISCUSSION: In December of 2021 the District completed an FBO Fee Comparisons Study (see attached). In January of 2022 the District completed a Cost and Revenue Allocation Study. These studies are attached to this staff report. These documents have been reviewed by the Board in previous meetings. In the past, Board and Staff have discussed using the information and data in these studies to complete a review of our current rates, fees, and charges to assure they are competitive with market conditions, provide a reasonable financial return, and recover costs to the District to provide products and services. Recently the District began this process by reviewing rent and lease rates for District buildings and land. We are currently working with various tenants in an ongoing effort to maintain current and updated lease agreements.

The next item staff is recommending is a proposal to create a landing fee, as previously discussed at the April 27, 2022, regular board meeting. Although very common in the aviation industry, the District has never charged a landing fee previously. Most general aviation airports with turbine and jet operations charge landing fees as well as most all commercial service airports. While the rates vary greatly based on a variety of unique factors at each airport, Landing Fees are widely used to recover cost of providing facilities not otherwise funded by the Federal Aviation Administration (FAA).

What is a Landing Fee? A landing fee is a per plane charge for use of the airfield, typically assessed based on the 1000-lb maximum gross takeoff weight (MTOW) of the aircraft. Landing fees are intended to be a cost recovery tool and are not charged to generate a gross or net profit for the airport. The money generated by landing fees is used to pay for the maintenance and care of the airport's pavements, buildings, runways, aprons, and taxiways, etc. In that the airside infrastructure of the airport receives FAA federal funds, landing fees are intended to recover

District expenditures of funds to maintain these facilities. In our 2021 Cost and allocation Study the District is expending between \$1,241,993¹ and \$1,511,237² to support the airside improvements per year. These expenditures account for and include Federal funds to support airport improvements and maintenance. These costs are eligible for recovery through a landing fee.

Landing Fee Calculation Methodologies: Staff has identified a primary method for landing fee calculation: Cost Allocation Study Recovery Methodology. Other options were considered and previously reviewed with the Board, but a Cost Allocation Study Recovery Methodology is recommended here.

Cost Allocation Study Recovery Methodology: This option would consider using a cost recovery methodology to recover the District's portion of airside maintenance costs. This ranges between recovering the average airside adjusted net income loss between \$(1,241,993) and \$(1,511,237) as discussed above. Staff recommends using the \$(1,241,993) adjusted net income loss number from Financial Allocation Analysis Scenario D, Table 54 page 72 of the Scenarios C&D Study. This Number includes a 50%/50% cost allocation between Noise and Annoyance Programs and Air traffic Control Tower and ADS-B costs respectively. Staff feels the Air Traffic Control Tower is providing positive and regular noise and annoyance benefits to the community and that Scenario D is the recommended allocation analysis figure to use for the calculation of a landing fee.

Staff recommends using Maximum Take Off Weight (MTOW) of aircraft for all transient aircraft over 5,500 lbs. and billing that weight at the below fee per 1,000 lbs. of MTOW as a common industry practice and scaled based on MTOW related to overall impact (i.e., heavier MTOW aircraft have a disproportionately greater impact compared to small MTOW aircraft). The approach to landing fee rates varies by airfield as noted below in Table 1. Local tenant aircraft (Individuals with designated aircraft already paying the District fees related to District hangar rentals) would not be charged landing fees and are not included in landing fee calculations. A Flat Rate is also depicted below for comparison. The recommended Landing Fee pro forma calculation under this methodology would be as follows:

Calculation Factors:

- 2021 transient aircraft over 5,500 lbs. and excluding local tenant aircraft
- Cost recovery target = \$1,241,993
- Scaled Rate {\$8, \$10, \$12 per 1,000lbs., MTOW Scaled}

¹ \$(1,241,993) is the average of the Airside Allocation Summary Adjusted Net Income from 2018 to 2020 for Financial Allocation Analysis Scenario D, Table 54 page 72 of the Scenarios C&D Study. This Number includes a 50%/50% cost allocation between Noise and Annoyance Programs and Air traffic Control Tower and ADSB costs respectively. It also accounts for Federal funds received by the District.

² \$(1,511,237) is the average of the Airside Allocation Summary Adjusted Net Income from 2018 to 2020 for Financial Allocation Analysis Scenario B, Table 54 Page 72 of Scenarios A&B Study. This Number includes a 10%/90% cost allocation between Noise and Annoyance Programs and Air traffic Control Tower and ADSB costs respectively. It also accounts for Federal funds received by the District.

- Estimated annual cost recovery based on TRK 2021 transient aircraft MTOW data: **\$803,384**
- This represents 65% of the annual average cost recovery target goal identified above
- Flat Rate {\$9.46 per 1,000lbs. MTOW}
 - Estimated annual cost recovery based on TRK 2021 transient aircraft MTOW data: **\$803,229**
 - This represents 65% of the annual average cost recovery target goal identified above
- Recommended Landing Fee applied by category:

Table 1

From	To	Landing Fee Scaled Rate	Landing Fee Flat Rate
0 lbs.	5,500lbs	\$0	\$0
5,500lbs	8,499lbs	\$8.00	\$9.46
8,500lbs	12,499lbs	\$8.00	\$9.46
12,500lbs	19,999lbs	\$8.00	\$9.46
20,000lbs	39,999lbs	\$10.00	\$9.46
40,000lbs	49,999lbs	\$10.00	\$9.46
50,000lbs	74,999lbs	\$12.00	\$9.46
75,000lbs	200,000lbs	\$12.00	\$9.46
Heli>3K	\$50.00	\$50.00	\$50.00

This is a simple and common industry calculation methodology used by a wide variety of airports. These fees are commensurate with other airport landing fees which have a scaling landing fee based on weight categories. Here are a few examples (Table 2) of Landing Fees at other airports, each with their own unique cost recovery goals, weight categories, and fee collection methodology:

Table 2

Location	Landing Fee
Aspen, CO (KASE)	\$8.14
Sun Valley, ID (KSUN)	\$2.75, \$3.60, \$4.40
Telluride, CO (KTEX)	\$5.75
Glacier Park Int'l Airport (GPIA)	\$3.00, \$5.00, \$6.00
Truckee, CA (KTRK) Proposed	\$8.00, \$10.00, \$12.00 Scaled Rates or \$9.46 Flat Rate

Landing Fees are charged independent of Ramp Fees (Transient Use {TU} Fees currently at KTRK). District Ramp/TU fees are currently competitive with other resort/mountain community airports. TU / Ramp Fees are designed to generate income and recover costs to the District to operate the Fixed Base Operation (fuel, real-estate, and aircraft services). Please refer to the attached FBO Fee Study.

With the introduction of a Landing Fee, staff will discontinue the use of the term “Transient Use Fee” in favor of the more common industry term “Ramp Fee.” This will avoid confusion with operators who find the TU Fee confusing as it is not commonly used in the FBO industry. KTRK Ramp Fees (TU Fees) as currently published in the Master Fee Schedule would remain the same with the introduction of a Landing Fee. A normal review of Master Fee Schedule rates will take place on an ongoing basis consistent with market & cost recovery goals / conditions.

NEXT STEPS: This is an action item to provide a final Staff recommendation to introduce at landing fee at KTRK. Staff recommends the Board consider using the adjusted net income number from Financial Allocation Analysis Scenario D (\$1,241,993) as a target for cost recover for the introduction of a landing fee. Although this new fee would fall under the Master Service Agreement authority of the General Manager, as a new program of record with unplanned budgetary impact, Staff recommends Board consensus guidance on a Landing Fee program and Board authorizing for the General Manager to engage a vendor, following guidance in Policy Instruction 303 (Expenditure Authorization – Procurement) to provide landing fee billing services for a potential October 2022 implementation.

FISCAL IMPACT: If a landing fee is implemented, the District will be in position to possibly recover approximately 65% of the \$1,241,993 loss annually of airside operating costs. While there is a

possibility that some transient operators may choose not to operate at KTRK due to this fee, staff feels this is unlikely as these fees are commensurate with methodologies and fees charged at other similar mountain resort airports. While the KTRK Landing Fees are suggest at slightly higher rates than the airports noted in this paper, KTRK does not have access to additional revenue sources like FAA AIP Enplanement funds or passenger charges for commercial operations to address cost recover, which in many cases allows similar airport operations to charge lower landing fee rates.

SAMPLE MOTION: Approve the introduction of a Truckee Tahoe Airport District landing fee to address the District's cost to maintain and care for the airport's pavements, buildings, runways, aprons, taxiways, air traffic control tower, noise abatement program, and ADSB system. In that, the airside infrastructure of the airport receives some FAA federal funds, landing fees are intended to recover District expenditures of funds to maintain these facilities. And the Board authorizes the General Manager to engage a vendor to provide these services.

ATTACHMENTS:

FBO Fee Study

Allocation Study A&B

Allocation Study C&D

[Vector Airport Solutions PlanePass Program \(Sample Vendor Program\)](#)

KTRK Master Fee Schedule