

STAFF REPORT

Subject: Ratios for Determining Airport Rates

Date: September 9, 2014

ISSUE: Should Board adopt a Resolution approving proposed ratios used to calculate rates to charge for airport uses?

BACKGROUND: Trinity County has 47 hangars located at 3 of our 5 airports. Back in 2011, the Board of Supervisors established a baseline rate of \$0.14 per SQFT for hangars that were owned and leased by the County. From that rate, there is a breakdown of costs to be distributed to various airport functions. Using the full rate for a County owned hangar, it was determined that 23.8% of the lease collected went to short term repairs, and 55.4% went to longer term maintenance items. The remaining was split between Operations at 7.9%, Construction at 7.9% and Administration at 5%.

Based on these ratios, the Board of Supervisors have issued contracts at \$0.05 for new land leases for owner constructed hangars and \$0.106 for lease extensions. While these values were used, the ratios were never memorialized by Resolution.

DISCUSSION: The Department of Transportation was recently required to establish Residential Through the Fence Agreements (RTFA) for individuals that taxi from private property onto airport property. As part of this Agreement, we were required to show the methodology as to how this fee was calculated. The reasoning for this was we were required to ensure that all individuals that utilize facilities were treated equitably and the same.

Based on the ratio determination attached, the following current rates will be established.

County Hanger	\$0.14 per sq. foot, per month
Hanger Extension	\$0.106 per sq. foot, per month
Private Hanger	\$0.05 per square foot (rounded up to next penny)
RTFA	\$610 per year (based on 1,400 sq. foot hanger)
Tie Down	\$260 per year (based on 600 sq. foot pad)

Per the FAA Airport Assurances that were executed when accepting grants for all airports eligible for federal funding, we are required to provide protection against economic discrimination. This means that we have to insure that everyone is charged in the same manner. Certain individuals or users cannot be given an advantage over another.

Review of the files show that the ratios, while approved in many other actions, was not clearly established by the Board. This action would memorialize these ratios, and if the base rent is revised, the rates for different uses would adjust accordingly based on the ratios accepted.

ALTERNATIVES INCLUDING FINANCIAL IMPLICATIONS:

1. Approve the ratios and adopt the Resolution as proposed. Overall, collections should remain consistent for most users.

2. Revise an individual ratio to increase collections for a particular function. Depending on the ratio increase, an equal amount needs to be decreased by another function. This could leave a particular function underfunded.

3. Direct Staff to increase funding to a particular function, but make the changes based on a modification to both the ratios and the rates.

Currently, the airports do not receive a General Fund contribution, and with FAA Assurances, funds that are raised from rents collected must be returned to operations. Essentially, any revisions to rates or ratios will have no affect on any other County function other than airport functions.

It is important to note that the County is in numerous contracts with uses that potentially are in violation of the Assurances. If they are determined to be in violation, the ratios will assist in establishing the correct rates. This correction has the potential of increasing the rents collected.

RECOMMENDATION: Adopt the Resolution as presented.

Respectfully Submitted

Richard Tippett
Director – Department of Transportation

CAO RECOMMENDATION: Concur: Yes No

Comments:

Tuesday, Board of Supv. Mtg.

- confirm ratios
- determine if FAA compliance with leases

EXHIBIT A

County Owned Hanger Distribution
23.8% for Short Term Maint.
55.4% for Long Term Maint.
7.9% for Airport Operations
7.9% for Construction Match
5% for Administration costs
100% of Overall Rate

} 14% is based on this

Encroachment Distribution (1)
7.9% for Airport Operations
7.9% for Construction Match
5% for Administration costs
5% for FAA Contract Administration
25.8% of Overall Rate

Hanger Extension Distribution
55.4% for Long Term Maint.
7.9% for Airport Operations
7.9% for Construction Match
5% for Administration costs
76.2% of Overall Rate

Privately Owned Hanger Distribution
10% Use of Property
7.9% for Airport Operations
7.9% for Construction Match
5% for Administration costs
30.8% of Overall Rate

Tie Down Distribution (2)
5% Use of Property
7.9% for Airport Operations
7.9% for Construction Match
5% for Administration costs
25.8% of Overall Rate

(1) Assume 1,400 sq Hanger

(2) Assume 600 sq Tie Down Area

This is the clause Rick believes gives him authority to modify existing older leases in order to levy an assessment of 5¢/sq foot to landholders for operating expenses

state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

- 1) Operating the airport's aeronautical facilities whenever required;
 - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or

to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-

- 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
 - 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
 - d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
 - e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
 - f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
 - g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
 - h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.
 - i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.