# Reliever Airport Rates and Charges

# Information Meeting – May 22, 2024

# Objectives

The objectives for the rates and charges fee structure modifications are threefold:

* Financially support the Reliever system
* Comply with Federal requirements and State law.
* Maintain a balanced and reasonable rate structure within the GA airport system.

# Impacted Ordinances

To change the General Aviation fee structure, two ordinances must be revised, requiring proposals, public hearings, and Commission approval:

* Ordinance 119, adopted in June, 2014, governs the rental rates and other charges assessed to users of the MAC Reliever Airports.
* Ordinance 115, adopted in August, 2012, governs, among other things, the fuel flowage fee applicable to General Aviation aircraft operating at MSP.

# Considerations in Rate Structure

* Definition of the leased area
* Categories of tenants
* Airport infrastructure and services
* Cost of operation and infrastructure
* Recognition that the system exists in a major metropolitan area.
* Legal requirements regarding rate setting and financial self-sustainability.
* Demand for space.

# Current Proposal

***Aircraft Storage Tenants***

Ground Rent

Aircraft Storage Ground Rent currently escalates by approximately 3.33% annually. The recommendation is to modify the rates downward to reflect study recommendation and adjust the escalator downward to 3.0% annually thereafter.

Sublease License Fee

The Sublease License Fee is designed to capture a fee from Aircraft Storage tenants who sublease space within their hangar to other aircraft owners. The fee has proven to be challenging to administer. The staff recommendation is to eliminate the fee.

***Commercial Tenants***

Ground Rent

Based upon a survey of rents, an adjustment is recommended for commercial tenant Ground Rent. The staff recommendation is to increase commercial Ground Rent to the study recommendation across the Reliever Airport system over three years, after which a 3% annual escalator will be applied similar to Aircraft Storage tenants. To attain the study recommendation, the three-year annual per square foot increase would be $0.002 to $0.065 depending on the airport.

***Fuel Flowage Fees***

There are currently three fuel flowage fees assessed in the Reliever system depending on the airport and fuel grade. The fees range from $0.154 to $0.211 per gallon. The staff recommendation is to charge a single flowage fee of $0.21 to all grades of fuel across the system. The annual escalator on fuel flowage fees will remain at 4%.

# Target Timeline

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| --- | --- | --- |
| * Q4 2023
 | Rent Analysis and Proposal Development | Complete |
| * Feb-April 2024
 | Discuss Proposal with Commercial Tenants | Complete |
| * Mar 26, 2024
 | Outline Proposal at RAAC meeting | Complete |
| * Apr 15, 2024
 | Request Commission authorization for a Public Hearing | Complete |
| * May 22, 2024
 | Tenant Communication and Informal Meeting(s) | Scheduled |
| * July 15, 2024
 | Public Hearing | Tentative |
| * Late summer 2024
 | Comment Period |  Tentative |
| * Early Fall 2024
 | Hearing Officers Meeting |  Tentative |
| * Fall 2024
 | Commission Adoption of Ordinances |  Tentative |
| * January 1, 2025
 | Target Implementation Date |  Tentative |
|  |  |  |

# Additional Information

Correspondence related to this project, including notice of the dates for the public hearing, hearing officers’ meeting and

the Commission meetings at which the draft ordinance amendment will be considered can be found at http://bit.ly/3Jm8Mob or by opening the QR code below.



Proposed Rate Charts A and C (as of May 22, 2024)



