

Reliever Rates and Charges Ordinance



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October 7, 2024

Operations, Finance & Administration Meeting



PURPOSE + DESIRED RESULT

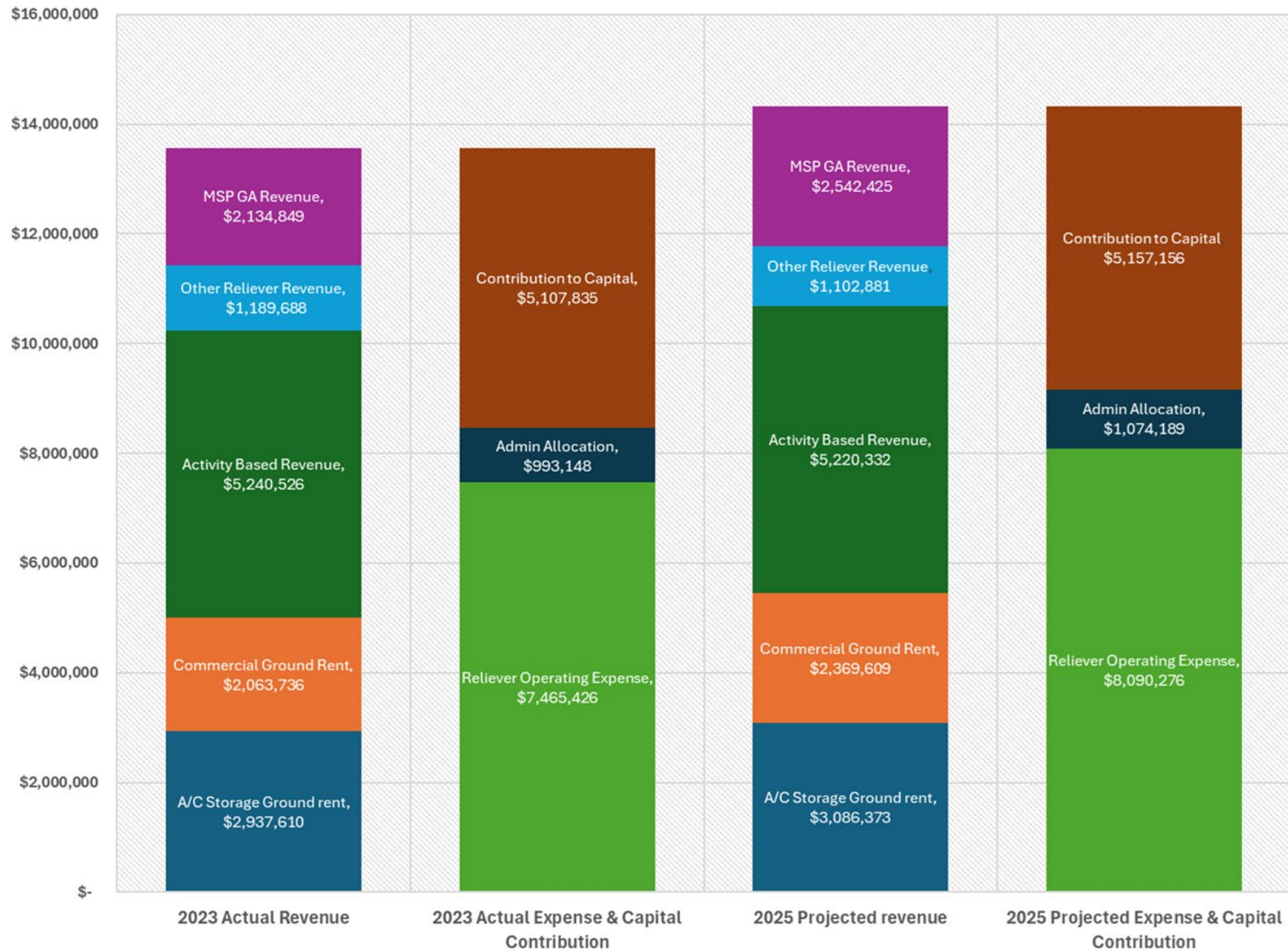
PURPOSE: Recommend approval of the Findings, Conclusions, and Order and adoption of the proposed Reliever Airports Rates and Charges Ordinance.

DESIRED RESULT: Optimize the financial performance of the Reliever Airports system while confidently investing in the sustained growth of the airports.

Fiscal Impact

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General Aviation Operating Revenue and Expense
2023 Actual & 2025 Projected



- The proposed changes are estimated to increase revenue, on average, about \$700,000 each year over the period of 2025-2030.

Background

MAC General Aviation Rates and Charges

MAC Ordinance No. 119

Governs the rental rates and other charges assessed to users of the MAC's Reliever Airports.

Adopted in June 2014.

Proposed Ordinance

The proposed Ordinance would repeal and replace MAC Ordinance No. 119.

MAC Ordinance No. 115

Governs, among other provisions, the fuel flowage fee applicable to general aviation aircraft operating at MSP.

Adopted in August 2012.

Proposed Ordinance

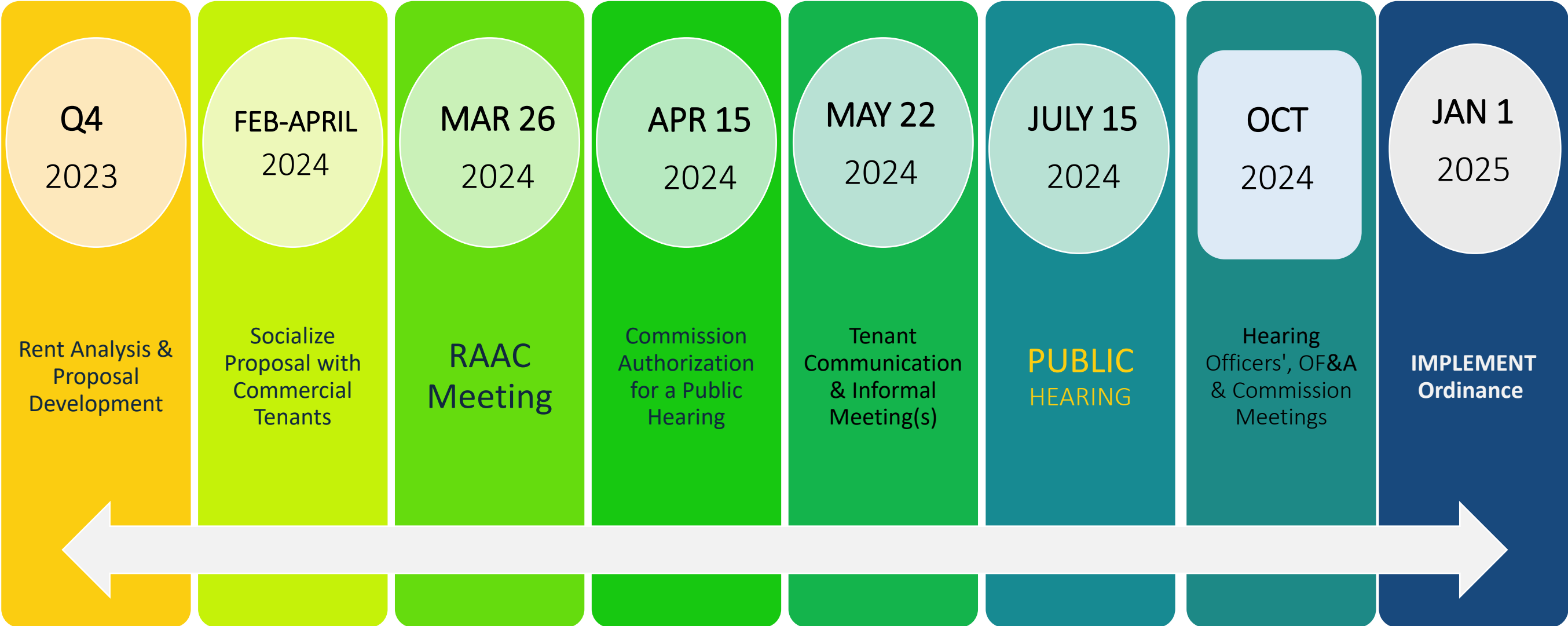
The proposed Ordinance would amend the fuel flowage sections of MAC Ordinance No. 115.

Rate Setting Goals

In rate setting, Staff had four primary objectives:

- To establish a rates and charges structure that supports the Reliever Airports system, allowing this system to be as self-sustaining as possible under the circumstances;
- To ensure that the rates and charges structure complies with federal and state law regarding rate setting, as well as federal policy and MAC's Grant Assurances;
- To retain a balanced and reasonable structure of rates and charges within MAC's general aviation system; and
- To establish a Reliever Airport contribution target of approximately 10% of capital costs for capital improvement projects at the Reliever Airports.

Timeline & Process



Analysis

Analysis – Public Hearing

- Public hearing was held on July 15, 2024
- Eight individuals from the public attended the meeting.
- Four comments made at the meeting, one received following the meeting.
- MAC responded to all comments in the attached Hearing Officers' Report.

Proposed Changes to the Ordinance

- Ground rental rates & escalators;
- Gross sales thresholds;
- Correcting Gross Sales reports;
- Landing fees at St. Paul Downtown, Flying Cloud, and Anoka County-Blaine Airports;
- Landing fee collection cost refund;
- Eliminates the sublease license fee;
- Administrative fees;
- Eliminates the waiting list fee;
- Removes flying club reporting requirements;
- Audit language;
- Fuel-flowage fee at MSP;
 - It is this proposal that makes an amendment to MAC Ordinance No. 115 necessary, as it is within that ordinance that fuel flowage fees for general aviation operations at MSP are currently established.
- General, non-substantive, wording and formatting updates.
- Proposed effective date of January 1, 2025.

Hearing Officers' Report & Findings, Conclusions, and Order

- MAC's authorizing statute governs hearings held by the Commission. *See* Minn. Stat. § 473.608, subd. 18.
 - Hearings can be conducted by a “committee, or [a] member [of the Commission].”
 - When hearings are conducted by a committee or by individual members of the Commission, a full report must be given to the Commission.
 - Thereafter, the Commission must make a “determination of the subject matter of [the] hearing and make its findings and conclusions and order with respect thereto.”
- Public Hearing for this Ordinance was held July 15, 2024
 - Commissioners Agrawal and Crimmins served as Hearing Officers
 - Hearing Officers' Report was approved by the Hearing Officers prior to this meeting.
 - This Committee will be asked to recommend that the Full Commission adopt the attached Findings, Conclusions, and Order determining the outcome of the hearing on the proposed Ordinance.

Next Steps

- If adopted, consistent with MAC's authorizing statute, notice of the adoption of the Ordinance will be published in appropriate legal newspapers of general circulation in the metropolitan area. Proof of publication and a copy of the Ordinance will also be filed with the Secretary of State prior to the effective date.
- If adopted, on January 1, 2025, current MAC Ordinance No. 119 will be repealed and the proposed Ordinance will replace it.
- If adopted, on January 1st, an "as amended" text of MAC Ordinance No. 115 will be uploaded to MAC's website reflecting the amendments made by the proposed Ordinance.

Action Requested

1. Recommend that the Full Commission approve the attached Findings, Conclusions, and Order related to the adoption of the Reliever Airports Rates and Charges Ordinance; and
2. Recommend that the Full Commission adopt the proposed Reliever Airports Rates and Charges Ordinance; and
3. Recommend that the Full Commission authorize the Executive Director/CEO or his designee to execute the necessary documents.