Memo

To: Airport Board of Directors
From: Patrick Dame, C.M. Executive Director
Date: May 11, 2020
Re: Aeronautical Fee Waiver Requests

We have received a request from three aeronautical tenants for fee waivers.

According to our Annual Report 2018, over 85% of our revenue for the airport came from programs directly associated with the airline terminal; car rental commission (23%), car rental quick turn facility (7.8%), parking lot commissions (22.4%), landing fees (17.1%), and terminal operations and maintenance (15.3%). It should be noted that landing fees are paid by all users over 12,500 pounds landed weight. Over 50% of the total revenues are associated with car rentals and the pay parking lot and are used to subsidize the airfield cost center in normal years. Based on that consideration, the largest impact to overall airport revenue will come from the lack of revenue from these revenue sources. A full year impact on these cost centers will reduce airport revenue to just over $1.032 million from $6.88 million. The current cost of operating the airport is $5 million annually. Due to some of these businesses having minimum annual guarantees, it is unlikely that our revenues would dip that far down.

As of May 11, 2020, the Airport has not received our CAREs Grant, however, we expect it will be coming soon. That being said, the funds are obligated to airport operations, maintenance and debt service. They are not there to provide direct benefits to aeronautical tenants. There are other federal programs tenants are eligible for and we hope they have taken advantage of them.

Airport management intends to continue to operate the airport and will submit operating costs to the CAREs act grant, which will prevent us from reducing our reserves and aid us in continuing to conduct business. This will also allow us to do maintenance projects, in the future, to prevent additional expenses on aeronautical users. Those projects that would otherwise get deferred, due to lack of airport revenue, can proceed with government assistance at 100% federal funding. This will allow us to spread the benefit across all aeronautical users.

Staff Recommendation: We recommend the Airport Board deny specific aeronautical fee waivers at this time.