

AVIATION BOARD BACKGROUND LETTER

Aviation Board Meeting Date: August 22, 2022

To: Chair Richmond and Aviation Board Members

Cc: Mitch Reynolds, Mayor

From: Ian Turner, Airport Director

Subject: 22-1069 – 2023 Airline Schedule of Fees

Summary:

The 2023 Airline Schedule of Fees approves the rates charged to the airlines for operating at the airport in accordance with the airline operating agreement and the airport's rate setting methodology.

Previous Action:

This is an annual action.

Background:

The 2023 Airline Schedule of Fees is set based on the La Crosse Regional Airport's rate setting methodology and the airline lease and operating agreements. This is a fundamental portion of the budgetary process for the airport. The fees are based on airport expenses attributable to the airline's operations, less the revenue generated by sources other than the airlines those revenue sources associated, but not attributable to, the airlines. An imperative aspect of this process is the projected number of flights by each airline providing service.

The projected flight reductions drive a significant change in the landing fees when viewed as a percentage change from 2022. As such, the 2022 Airline Schedule of Fees shows a significant change in the Signatory Airline Landing Fee. As the only signatory airline, Delta's reduction in flights has driven up this rate, even while the proposed credit for being a signatory has increased. This cost is reflected on page 2 of 3. The non-signatory landing fee is presented as part of the airport rates and fees item, included later in the agenda, and it is proposed to match the signatory landing fee in 2023.

The Airline Terminal Building rate is included on page 1 or 3. The increase from 2022 to 2023 very closely matches the rate of inflation, as measured by the Consumer Price Index – All Urban Consumers.



Financial Implications:

The increases in our landing fee and terminal fees are a central portion of our budgeting process. Even with the increased rates, as proposed, the result is less revenue than expenses in 2023. Further discussion on this impact is available with the 2023 Airport Operating Budget item, later in the agenda.

Stakeholder Process:

The item is presented to the Aviation Board.

Alternatives:

The Aviation Board may amend this item.

Staff Recommendation:

It is the recommendation of staff to approve this item.

Attachments:

Calculation of Rates and Charges for Calendar Year 2023

