

Memorandum



CITY OF DALLAS

DATE October 2, 2017

The Honorable Members of the Mobility Solutions, Infrastructure and Sustainability

TO Committee: Lee M. Kleinman (Chair), Rickey D. Callahan (Vice-Chair), Sandy Greyson, Adam Medrano, Casey Thomas, II and Tennell Atkins

SUBJECT **Dallas Love Field General Aviation Landing Fee**

On Monday, October 9, 2017, you will be briefed on Dallas Love Field General Aviation Landing Fee. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in black ink, appearing to read 'Jody Puckett', with a long horizontal flourish extending to the right.

Jo M. (Jody) Puckett
Assistant City Manager (Interim)

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Biliera Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Dallas Love Field General Aviation Landing Fee

Mobility Solutions,
Infrastructure &
Sustainability Committee
October 9, 2017

Mark Duebner, Director
Department of Aviation



City of Dallas

Overview

- Provide overview of Department of Aviation Rates and Charges related to Commercial carrier and General Aviation activity
- Provide comparison information regarding other commercial airport landing fees
- Seek Committee approval to complete analysis of General Aviation Landing Fees at Dallas Love Field and make recommendation to City Council for adoption

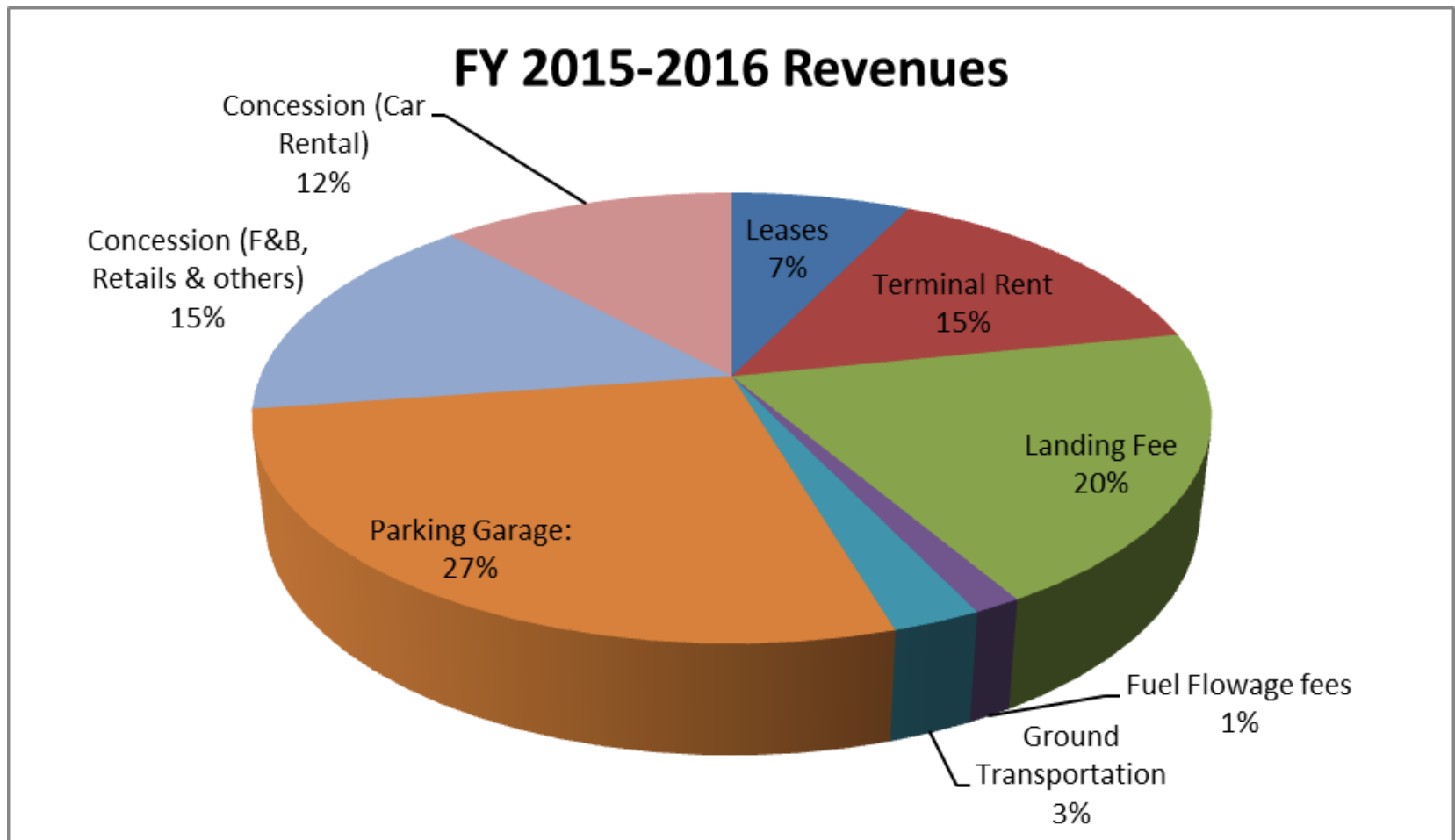
Background

- In 2008, the City renegotiated the Use & Lease agreements with the commercial airlines
- Part of the restated leases required the City to adopt a Rates and Charges Methodology that would accurately assess costs to the airlines for the portions of the department's budgets related to their activity
- Three Cost Centers were established related to those commercial activities
 - Terminal
 - Apron
 - Airfield

Background

- Each of these Cost Centers had revenues dedicated to offset the costs
 - At the end of each fiscal year, a “true up” is completed and if costs exceed revenues the airlines must make up the difference
 - Likewise, if revenues exceed the costs, the airport refunds the difference back to the airlines

Background



Airfield Cost Center

- The Airfield Cost center includes all of the operational and maintenance costs, such as rubber removal, painting, sweeping, crack sealing, etc.
- Budget for the Airfield Cost Center FY 17-18
 - Expense - \$22,011,000
 - Revenues
 - Landing fees - \$19,541,132
 - Fuel Flowage Fees - \$1,291,206

Airline Cost Center

- Revenues that offset costs for the Airfield Cost Center and decrease the rates charged to the airlines include:
 - General Aviation Fuel Flowage Fees – primary revenue from general aviation activity at \$.07 per gallon dispensed at the airport
 - FY 15-16 - \$1,253,598
 - Non-signatory airline landing fees - \$2.62 per 1,000 lbs.
 - FY 15-16 - \$2,073,772
 - Other ancillary Airfield revenues, if any
 - FY 15-16 - \$0

Airfield Cost Center

In summary, Annual Landing Fee Rates are calculated by

- **Costs – Credits = Net Requirement**
 - Net Requirement Less Revenue Sharing/Total Landed Weight of all Signatory Airlines = Landing Fee Rate
- **Landing fees for FY15 – 16:**
 - Signatory - \$2.10 per 1,000 lbs. Max Gross Landed Weight (MGLW)
 - Non-signatory - \$2.62 per 1,000 lbs. MGLW
 - \$18,199,985 - Total revenue
- **Landing fees for FY 16 – 17:**
 - Signatory - \$2.53 per 1,000 lbs. MGLW
 - Non-signatory – \$3.16 per 1,000 lbs. MGLW
 - \$21,643,638 – Projected revenue



Activity

- Dallas Love Field currently has heavy general aviation activity compared to most U.S. commercial airports
- Total for operations in Calendar Year 2016
 - Air Carrier – 138,607 or 62%
 - General Aviation – 84,606 or 38%

Comparison Data

Airport	Code	Landing Fee
• Thurgood Marshall International	BWI	\$5.51/1K*
• Dallas Fort Worth International	DFW	\$3.22/1K*
• St. Louis Lambert International	STL	\$2.00/1K*
• Greater Cincinnati International	CVG	\$2.67/1K**
• Chicago Midway	MDW	\$4.96/1K*
• Dulles International	IAD	\$5.95/1K*
• New Orleans Louis Armstrong	MSY	\$3.55/1K*
• Portland International	PDX	\$4.60/1K*
• Ted Stevens Anchorage International	ANC	\$2.77/1K*
• Fort Lauderdale	FLL	\$1.92/1K*

Notes:

* per 1,000 lbs. Maximum Gross Landing Weight

** Charged aircraft over 40,000 lbs.

General Aviation Impact

- Love Field General Aviation land/facilities are fully leased
- The implementation of a General Aviation Landing fee will have an effect on some users of the airfield, however given most other commercial airports charge landing fees, the impact should be minimal
- The City also provides General Aviation Services at Dallas Executive Airport, with no landing fees

Airfield Future

- Dallas Love Field currently has 14 million square feet of pavement
- Much of that pavement is more than 30 years old
- While the airport has a robust capital plan for major repair and replacement, the costs to prevent deterioration is increasing
- As FAA regulations become more stringent to ensure safety, there will continue to be increased maintenance expense

Conclusion

- The Airfield Cost center is disproportionately charged to the Air Carriers
- The General Aviation activity is not paying its fair share of airfield cost based on activity
- The Fuel Flowage Fee does not adjust annually to correspond to the actual expenses incurred at the airport
- The O&M expenses are projected to increase along with other airport expenses

Next Steps

- Recommend Committee approval to complete analysis of General Aviation Landing Fees at Dallas Love Field and make recommendation to City Council for adoption
- Forward revised Ordinance to Dallas City Council for approval

Dallas Love Field General Aviation Landing Fee

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