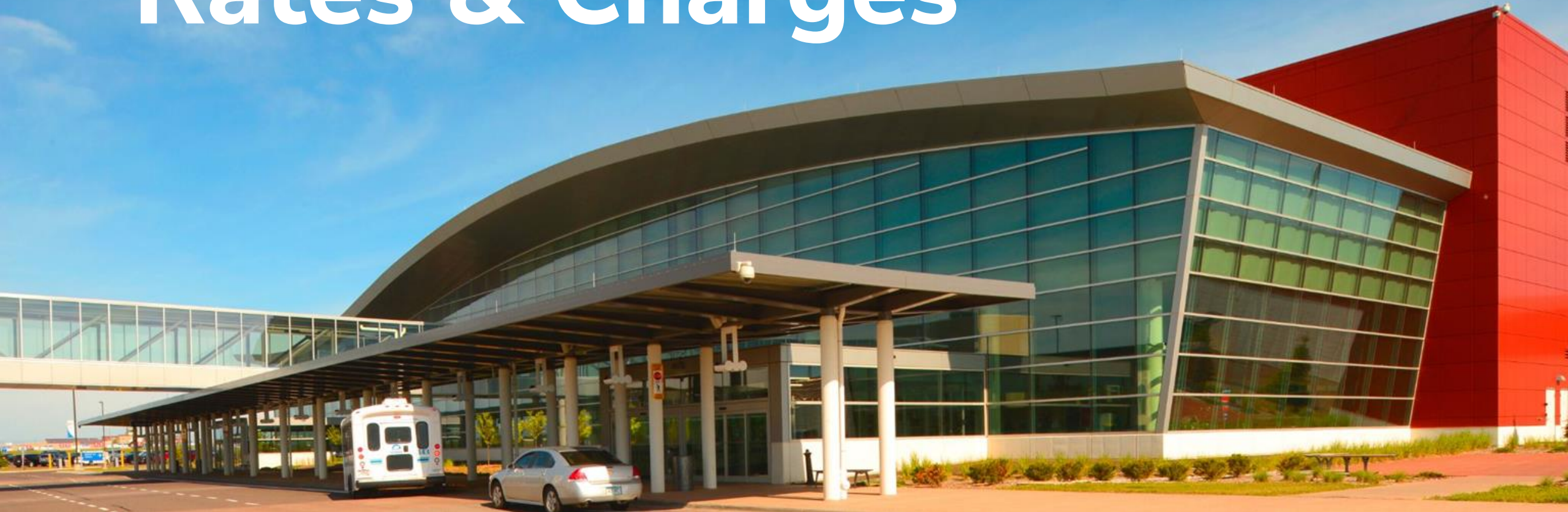


# DRAFT 2023 Budget and Rates & Charges



# 2023 DRAFT Rates & Charges

## DRAFT 2023 Rates and Charges Addendum

Effective January 1, 2023 - To Be Adopted November 15th, 2022		2022	Changes for 2023		Notes on Recommended Changes	
<b>Passenger Terminal</b> (Per Square Foot)	Airline Leased Premises	\$23.07	\$24.22		5% Rate adjustment as recommended by consultant	
	Non-Airline Terminal Tenant Rate (Reference Per Agreement)	\$41.08	\$42.31		Rate adjustment	
<b>Aircraft Landing Fee</b> (Per 1,000 lbs MGLW)	Signatory Carrier	\$2.08	\$2.18		5% CPI Adjustment as recommended by consultant	
	Non-Signatory Carriers (125% more)	\$2.60	\$2.73		125% of Signatory	
	Transient	\$0.96	\$1.01		5% CPI Adjustment to remain consistent	
	FBO Tenant	\$0.00				
<b>Per Use Fee</b>	Non-Signatory Carriers (125% more)	\$563.56	\$591.65		As calculated by the rates and charges model	
<b>International Arrivals Facility Per Use Fee</b>	Less than 50,000 lbs. MGLW	\$75.00			TBD - Agreement review	
	50,001-175,000 lbs. MGLW	\$175.00				
	175,001 lbs. MGLW and above	\$275.00				
<del><b>Commercial Aeronautical Terminal Ramp Aircraft Parking Fees</b></del>	<del>Per application fee for commercial aeronautical operations</del>	<del>\$100.00</del>			<del>Removed Fee as it is never used. Do not want it to be a barrier to</del>	
<b>Non-Terminal FBO &amp; DAA Charged Aircraft Parking Fees</b> (Per 1,000 lbs MGLW)	Signatory Carrier	\$0.00				
	Category by MGLW (lbs.)	Per Night (24 hour period)	Per Month (Calendar)	Per Night (24 hour period)	Per Month (Calendar)	Added "DAA" to allow DAA to charge DAA tenants and others CPI Adjustment
	12,499 & Under	\$15.00	\$120.00	\$16.00	\$130.00	
	12,500 - 49,999	\$63.00	\$504.00	\$68.00	\$547.00	
	50,000 - 99,999	\$125.00	\$1,000.00	\$136.00	\$1,085.00	
100,000 & Over	\$256.00	\$2,048.00	\$278.00	\$2,222.00		
<b>Exclusive Use Cargo Ramp Fee</b>	Per calendar month exclusive use cargo ramp	Per Month (Calendar)	\$1,549.68	\$1,646.00		6.2% CPI Adjustment to remain consistent with other agreements
<b>Passenger Facility Charge (PFC)</b>	\$4.50 Per enplaned commercial passenger, Per FAA Approved PFC Application					
<b>DAA Owned Hangar Rental Rates (Per \$50 Discount if paid in full by January 31 of lease year.</b>	Hangar Type		Per Month (Calendar)			
	West T-Hangars*		\$186.00	\$195.00		5% CPI Adjustment to remain consistent with other agreements
	East T-Hangars*		\$186.00	\$195.00		5% CPI Adjustment to remain consistent with other agreements
	East Ranch Hangars*		\$237.00	\$249.00		5% CPI Adjustment to remain consistent with other agreements
	Other	Set by Lease Agreement				
<b>Fuel Flowage Fee</b> (Fee Per Gallon)	FBO Charged In-to Plane Fee (Increased annually by CPI, no decreases)	\$0.040	\$0.042			CPI Adjustment completed annually
	FBO Charged Aviation, Heating & Auto Fuel Fee	\$0.09				
	Fee Per Gallon - Other Airport Operator	Set by Operator Agreement				

# 2023 DRAFT Rates & Charges Continued

Parking Fees & Permits						Surface	Ramp		
(Includes Tax)	0-1 Hour			\$3.00		TBD	\$4.00	\$4.00	Parking transition in progress - TBD
	1-2 Hours			\$5.00		TBD	\$7.00	\$6.00	Parking transition in progress - TBD
(DAA Employees and DAA Directors are exempt)	2-6 Hours			\$9.00		TBD	\$10.00	\$10.00	Parking transition in progress - TBD
	6-24 Hours (Daily)			\$13.00		TBD	\$14.00	\$18.00	Parking transition in progress - TBD
	Weekly			\$78.00		TBD	\$84.00	\$108.00	Parking transition in progress - TBD
	Drive-off Fee			\$125.00					Add a fee for those that drive out without paying.
	Corporate Surface Permit (Annual)			\$1,200.00		\$1,300.00			Recommended by Consultant - Last updated for 2019
	Corporate Garage Permit (Annual)			\$2,000.00		\$2,150.00			Recommended by Consultant - Last updated for 2019
	Airport Employee Tenant Permit (Annual)			\$96.00					
	Airline Crew Overnight Permit (Monthly or Annual)	\$51.00		\$612.00					
	Tenant Commercial Parking Agreement (Monthly or Annual)	\$250.00		\$3,000.00					
	Airport Parking Permit Non-Return Fee					\$50.00			Fee per contracts
<b>Commercial Vehicle Fees &amp; Permits</b>	Taxi/Limo/Hotel Shuttle Permit (Annual)		\$200.00	Per Each Vehicle					
(Includes Tax)	Passenger Shuttle Service Permit - Reqs. Operator Agreement (A		\$500.00	Per Each Vehicle					Increased cost due to passenger diversion
	Transportation Network Company Permit (Annual)		\$1,500.00	Per Company					
	Transportation Network Company Per Trip Fee		\$1.50	Per Pick-Up & Drop Off					
<b>Ground &amp; Commercial Vehicle Violations</b>	Airport Employee Parking Violation			TBD					
	Commercial Vehicle Violation			\$100.00					
<b>Business Services</b>	Per Pass Fee to Access business services LIUD Room			\$150 per pass					
(Sponsorship Agreement Passes not included)									
<b>Conference Room/Space Rates &amp;</b>	<b>Room/Space</b>	<b>0-2 Hours</b>	<b>2-4 Hours</b>	<b>4-8 Hours</b>					
(20% Discount for Airport Airport Terminal Tenants)	2nd Floor Mezzanine	\$200.00	\$250.00	\$350.00	TBD				Rates TBD - parking transition in progress
	2nd Floor Conference Room - Room 250	\$50.00	\$75.00	\$100.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio A	\$100.00	\$150.00	\$200.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio B	\$75.00	\$150.00	\$200.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio C	\$75.00	\$150.00	\$200.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio A&B	\$125.00	\$175.00	\$250.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio B&C	\$125.00	\$175.00	\$250.00	TBD				Rates TBD - parking transition in progress
	3rd Floor Conference Room - Amatuzio A,B,C	\$150.00	\$200.00	\$300.00	TBD				Rates TBD - parking transition in progress
	Technology Capability	\$25.00	\$50.00	\$75.00					Changed language - currently being evaluated
<b>Fiber Internet</b>	<b>Internet Speed</b>			<b>Per Month (Calendar)</b>					
(Contract required with additional terms. Higher speeds available upon request)	100 MB Fiber Internet with 1 static IP address			\$120.00					
	200 MB Fiber Internet with 1 static IP address			\$180.00					
	Additional Static IP Address			\$24.95					

# 2023 DRAFT Rates & Charges Continued

<b>Badging Fees</b> (All fees to be paid regardless of whether badge is issued)  (DAA Employees, ARFF, CBP, Duluth PD and Fire & 148th Badges are exempt)	SIDA & Sterile Badge		\$200.00			
	AOA Badge		\$125.00			
	<del>Landside Badge</del>		<del>\$65.00</del>			Remove as rate is not utilized
	SIDA & Sterile Renewal		\$115.00			
	AOA Renewal		\$65.00	\$100.00		
	<del>AOA Renewal (Past Expiration)</del>		<del>\$125.00</del>			Remove and make single rate
	<del>SIDA Renewal (Past Expiration)</del>		<del>\$175.00</del>			Remove and make single rate
	Renewal > 30 Days Past Expiration (SIDA, AOA, Sterile)			\$125.00		Added single renewal rate for past expiration
	Incomplete		\$100.00			
	Lost or Non-Returned Badge		\$125.00			
	Badge Handling Fee (ex: company change, access change, etc.)			\$65.00		New fee for badge access adjustments
	Construction Badge-Additional Handling Fee		\$50.00			
<b>SIDA Violations</b>	<del>1) First Offense - \$50.00 and retraining</del>					Remove as other policy being developed
	<del>2) Second Offense - \$100.00, 10-day SIDA badge suspension and retraining</del>					Remove as other policy being developed
	<del>3) Third Offense - SIDA badge revocation (for a minimum of twelve months)</del>					Remove as other policy being developed
	<del>DAA reserves the right to revoke SIDA badge and not reissue based on violation investigation</del>					Remove as other policy being developed
<b>Airport Car Rental Customer Facility</b>	Rental Car Transaction Per Day Charge for up to Maximum of 4 Days		\$4.00			

# Draft 2023 DYT Rates & Charges

DRAFT 2023 Rates & Charges				
Effective January 1st, 2023 - To Be Adopted November 15th, 2022				
				Notes
<b>Fuel Price</b>	To be determined by airport manager and published on the Duluth Sky Harbor website, ForeFlight, SkyVector, AirNav, GlobalAir and 100LL.com.			Updated to reflect sites where fuel prices are currently published. Also removed "based on per load cost."
<b>Fuel Discounts</b> Discounts may not be stacked Tenant Discount requires fuel card	Sky Harbor Tenant with lease agreement or Commercial Operator Agreement	\$0.25	Per Gallon	Changed back to cent per gallon vs percentage Remove discount for quantity
<b>Tie-down</b>	Per Night (1-6 nights)	\$10.00	per night	Increased from \$5 to \$10 as this affects transients the most
	Per Week (1-3 weeks)	\$30.00	per week	
	Per Month	\$90.00	per month	
	Six month season	\$450.00	per six month season	
<b>Aircraft Parking Rules</b>	<b>Aircraft parking spaces are non-reservable and shall be occupied on a first come, first served basis.</b>			
	<p>A. No person shall park, store, tie down or leave an aircraft on any area of the airport other than designated parking spaces or those designated by the Airport Manager.</p> <p>B. The pilot and owner of an aircraft are solely responsible for parking and tying down their aircraft and shall properly secure their aircraft while it is parked or stored on the airport. Pilots and owners of aircraft are solely responsible for securing aircraft in a manner necessary to avoid damage to other aircraft or buildings on the airport in the event of wind or other severe weather conditions. The pilot and owner of an aircraft shall be held responsible and liable for any damage or loss whatsoever resulting from failure to comply with this rule.</p> <p>C. With respect to aircraft parking, tie-down and storage, the Airport Manager is authorized to control and direct activities that the Airport Manager determines concern the health, welfare and safety of Sky Harbor, its tenants, and users.</p> <p><b>All invoiced aircraft parking fees shall be paid within thirty (30) days of invoice date.</b> In the event that aircraft parking fees are not paid within thirty (30) days of invoice date and such failure to pay continues for a period exceeding ninety (90) days after invoice date, the aircraft owner shall be in default. Upon default, the Duluth Airport Authority may exercise any one or more of the following remedies (in its sole discretion): (i) utilize a collections agency and/or an attorney to recover said amount, including reasonable attorney's fees, court costs, and collection costs, (ii) enter the premises where the aircraft is located and take immediate possession of and remove (or disable in place) the aircraft by self-help, summary proceedings or otherwise without liability; and (iii) eject and trespass the aircraft pilot and owner from Sky Harbor.</p>			
<b>Hangar 1 Aircraft Storage</b>	Per hangar space	\$275.00	per month	

## DRAFT 2023 BUDGET SUMMARY

Financial Row	2020 Actuals (Jan 2020 - Adjust 2020 )	Previous Year Actuals (Jan 2021 - Adjust 2021 )	Proposed Annual Budget 2023
<b>Ordinary Income/Expense</b>			
Income			
Total - Non-Aeronautical Revenue	\$1,925,842	\$2,595,861	\$2,950,799
Total - Non-Passenger Aeronautical Revenue	\$1,454,040	\$1,512,419	\$1,643,775
Total - Passenger Airline Aeronautical Revenue	\$1,321,809	\$1,370,171	\$1,321,416
Total - Income	\$4,701,691	\$5,478,451	\$5,915,990
Gross Profit	\$4,701,691	\$5,478,451	\$5,915,990
Expense			
Miscellaneous Expenses	\$43,238	\$95,998	\$71,436
Total - Personnel Compensation & Benefits	\$2,238,775	\$2,309,913	\$2,909,323
Total - Services and Charges	\$1,682,643	\$1,891,479	\$2,266,993
Total - Supplies	\$503,695	\$646,036	\$768,676
Total - Expense	\$4,468,351	\$4,943,425	\$6,016,427
Net Ordinary Income	\$233,341	\$535,027	(\$100,437)
<b>Other Income and Expenses</b>			
Other Income			
Total - Capital Contributions	\$0	\$33,311	\$0
Total - Non-Operating Revenue	\$325,183	\$499,721	\$496,209
Total - Other Income	\$325,183	\$533,032	\$496,209
Other Expense			
Total - Non-Operating Expense	\$274,455	\$183,040	\$221,964
Total - Other Expense	\$274,455	\$183,040	\$221,964
Net Other Income	\$50,728	\$349,992	\$274,245
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>\$284,068</b>	<b>\$885,018</b>	<b>\$173,808</b>
<b>Projects/Grants</b>			
Capital Contributions			
Contributed Capital			
Other	\$815,977	\$404,368	\$1,000,000
Total - Contributed Capital	\$815,977	\$404,368	\$1,000,000
Grants			
Federal Grants	\$11,090,634	\$3,340,192	\$15,696,840
State Grant	\$648,985	\$728,133	\$1,242,630
Total - Grants	\$11,739,619	\$4,068,324	\$16,939,470
Total - Capital Contributions	\$12,555,596	\$4,472,693	\$17,939,470
<b>Total - Projects/Grants</b>	<b>\$12,555,596</b>	<b>\$4,472,693</b>	<b>\$17,939,470</b>
<b>Capital Improvement Costs</b>			<b>\$19,490,000</b>
<b>Loan Principal</b>			<b>\$930,000</b>
<b>CFC's Reserved for Approved Projects</b>			<b>\$16,788</b>
<b>Coverage for Hangar 103 Amortization</b>			<b>\$75,000</b>
<b>PFCs To be Collected In the Future</b>			<b>(\$959,734)</b>
<b>Cash Reserves</b>			<b>\$1,438,776</b>
<b>Positive (Negative) Budget Variance</b>			<b>(\$0)</b>

### MAJOR TAKE AWAYS:

- Operating revenues have not fully recovered to pre-pandemic levels.
- Operating expenses are estimated to have increased by 10% due to the increases in fuel and repairs and maintenance costs, utilities, contracted services and personnel wages and benefits.
- We continue to support the master plan as well as our strategic plan initiatives.
- 5% rate increase to Signatory Airline rates has been proposed and nearly all other rates are being updated by CPI as well.
- Passenger related concession revenue was estimated based on similar activity to 2022. Other revenues were determined based on current activity and contracted rates.
- Our annual debt service in 2022 for all long-term debt is \$1,071,963.
- Strategy to utilize \$1.4M cash reserves has been identified to provide the local share of funding opportunities and support operations in 2023.