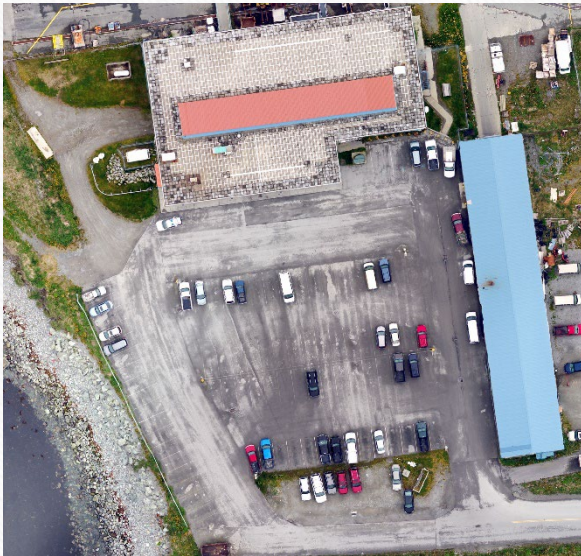
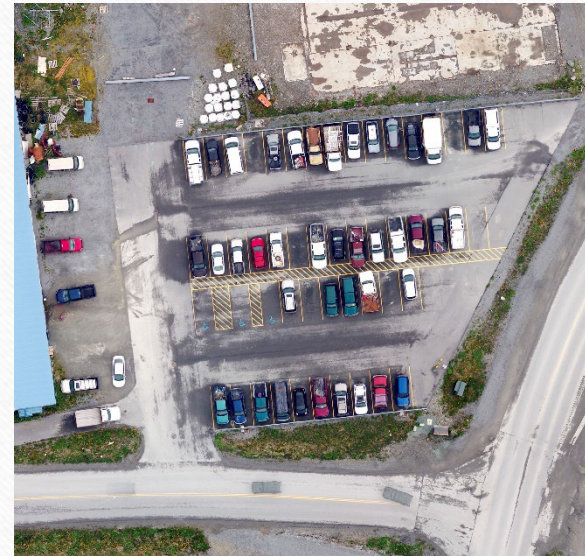


Tom Madsen Airport Operating Revenue: Past, Present, Future

Tom Madsen Short-Term Parking and Terminal Building



Tom Madsen Long-term Parking



Tom Madsen Airport Operating Revenue: Past, Present, Future

- Goals for this Discussion:

Provide Council with a clear understanding of

- Operations
- Expenses
- Revenue
- Council Goals for operations and public services provided
- Potential Revenue Opportunities
- Options for implementing change

This presentation tonight is designed to inform, generate discussion and questions.

Tom Madsen Airport Operating Revenue: Past, Present, Future- Operations

City has 2 leases with State at the airport:

Terminal Building with Short-Short Parking lot

Expires July 6, 2023, Annual Cost: \$9,065.00 for July 6, 2021 thru July 6, 2022

Long-term parking lot Expires December 31, 2024 (current term: January 1, 2020 thru December 31, 2024)

Annual Cost: \$3,052.92 for January 1, 2022 thru January 1, 2023

Proprietary Fund:

The airport operates as a proprietary fund and should be self-sustaining

Cost: Charges for services cover operational expenses minus depreciation, with depreciation, the shortfall is about \$25,000 a month

Requirements for our operations:

The State must approve all subleases at the airport. State maintains the tarmac and aprons

Master Plan Draft in progress as of October 2021

Tom Madsen Airport Operating Revenue: Past, Present, Future-Expenses

Operating Expenses Average percentages

- Maintenance: 9%,
- Utilities 15%,
- Leases payable to the State 3%,
- Custodial 11%,
- Labor 18%,
- Insurance 5%
- Depreciation 33%
- Misc 6%

Tom Madsen Airport Operating Revenue: Past, Present, Future-Revenues

Average Percentages by Revenue Source

Terminal Tenant Subleases 87%

Leased Parking spaces 1%

Advertising 3%

Utility Payments 9%

Tom Madsen Airport Operating Revenue: Past, Present, Future- Council Goals

Council Goals for airport Finances and Public Services:

Defining Goals as they relate to services provided to the public will help frame the next steps for the Airport Fund and Operations

What is the present value or cost of the services to the public provided at the airport ?

What is the value or cost of services to the public at break-even?

What is the value or cost to the public with a margin of profit?

Tom Madsen Airport Operating Revenue: Past, Present, Future- Potential Revenue

Considerations for revenue generation:

Head Tax

Leasing of Long-term Parking through a sublease

Managed by the Port with existing lease

Increase rates to tenants

Tom Madsen Airport Operating Revenue: Past, Present, Future Options for Implementation

- Raising Rates: mechanism within sublease
- City to Charge for Long-term parking
 - Establish rates schedule for parking
 - Establish controls for charging
 - Enforcement mechanism to support the airport fund with fines
 - The Port would continue to manage maintenance, snow removal, and monitoring vehicles
- Sublease of Long-term Parking
 - Request for Proposal with well-defined requirements to meet the City's revenue goals
 - City-approved operating plan to meet the City's goals for services including maintenance responsibilities, enforcement, ADA

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MEMORANDUM

TO: Peggy McLaughlin
Port Director



FROM: Brooks Chandler
City Attorney

DATE: March 11, 2022

RE: Head Tax on Airline Passengers

You asked whether the City had the authority to adopt a “head tax” or fee on airline passengers. Based on our review of state and federal statutes the answer is NO with a very limited exception. This is explained below.

Law

AS 29.45.820 states: “Notwithstanding other provisions of law, a municipality may not levy or collect a tax or fee on the air transportation of individuals or goods by a federally certificated air carrier other than a tax or fee authorized under 49 U.S.C. 40116(e) or 40117.

49 U.S.C. 40116 states "Except as provided in subsection (c) of this section and section 40117 of this title, a State, a political subdivision of a State, and any person that has purchased or leased an airport under section 47134 of this title may not levy or collect a tax, fee, head charge, or other charge on—

(1) an individual traveling in air commerce

49 USC 40116(e)(1) authorizes “sales or use taxes on the sale of goods or services” with a proviso “except those taxes enumerated in subsection (b) of this section”. 49 USC 40116(b)(3) is a broad prohibition against taxing “the sale of air transportation” but itself has a proviso “Except as provided in subsection (c) of this section and section 40117 of this title”. 49 USC 40116(c) allows local taxation “only if the aircraft takes off or lands in the State or political subdivision as part of the flight.”

49 USC 40117 allows what are termed “passenger facility charges” of \$1 or \$2 or \$3 per passenger but only; 1) if specifically authorized by the United States Secretary of Transportation; and ; 2) if the charge is imposed in order to finance a specific “airport related project”. There is a fairly broad range of “airport related projects” that theoretically could be financed in part by such a federally authorized passenger charge. In our opinion, it is extremely unlikely that the City would undertake such a project at the Tom Madsen airport since the City does not own the airport terminal.

Let me know if you have any additional questions about this topic.