

# Proposed Regulations, Landing Fees at Sand Point Airport

## Frequently Asked Questions (FAQ's)

### 1. Why is this happening?

The City of Sand Point passed Resolution 18-02 on May 28, 2018 titled:

“A Resolution of the City of Sand Point Requesting the Alaska Department of Transportation and Public Facilities (ADOT&PF) to Implement Federal Aviation Part 139 Standards at The Sand Point Airport, And ADOT&PF To Establish Aircraft Landing Fees To Pay for the Additional Level of Service.” Is says, in part:

“the City of Sand Point desires to have scheduled service at the Sand Point Airport with a larger aircraft, such as the Saab 2000, that would provide a higher level of safety and comfort for our residents and the traveling public”. Additionally, it says “the Federal Aviation Administration (FAA) requires an airport meet the Federal Aeronautical Regulations Part 139 standards to allow an aircraft with more than 30 seats, such as the Saab 2000, to operate at an airport”. Furthermore, it says “the Alaska Department of Transportation and Public Facilities (DOT & PF) owns the Sand Point Airport and has indicated it is willing and capable to meet the Part 139 standards, but would need to have a stable funding source to pay for the higher level of ongoing, operating expenses to meet the Part 139 standards that the FAA would require...and... landing fees are a standard revenue source at airports across the nation, but landing fees are not currently charged at the Sand Point Airport.” (see attached City of Sand Point Resolution 18-02)

PenAir, Inc. said they want to fly scheduled service to Sand Point Airport with the Saab 2000, but would need the airport to have an FAA Part 139 certificate. Additionally, PenAir, Inc. wrote they were willing to pay landing fees for the additional expenses incurred for the Part 139 certification.

### 2. I thought the Alaska Constitution prohibits dedicated funds. How will the landing fees pay for additional expenses incurred by a Part 139 certification?

While the Alaska Constitution prohibits dedicated funding, the Legislature has historically directed the amount of revenue raised by a department back to the source to support those related operations. For example, the equivalent amount of revenue raised by airport leasing has been directed to the Division of Statewide Aviation to support the Division's operations.

### 3. How was the proposed landing fee determined? The fee is about double what ANC charges. Why is that?

The Southcoast Region projected how much the additional expense would be to maintain Part 139 operations above the current amount being spent to operate and maintain Sand Point Airport. Then the U.S. DOT T-100 data for 2017 were used to estimate the number of annual operations, aircraft types, and weights at Sand Point Airport to calculate the needed landing fees to equal the projected annual expenses associated with new Part 139 services. The proposed landing fee was calculated independent of other landing fees because it is specifically to support new Part 139 services at the Sand Point Airport.

**4. Will all airplanes be charged a landing fee?**

No. The proposed landing fees would apply to aircraft over 6,000 lbs. Additionally there would be few other exemptions including aircraft engaged in FAA mandated maintenance flights, aircraft owned by domestic governmental entities or the Civil Air Patrol.

**5. When would the landing fee start?**

Regulations for rural airports must go through the public comment process, and if the DOT&PF Commissioner decides to approve the regulations then they must be filed by the Lt. Governor. If approved, it is estimated the regulations would start January 1, 2019.

**6. How will the fees be paid?**

DOT&PF will create a form that would specify the aircraft registration number, the Certified Maximum Gross Take-off Weight (CGMTW), and the dates of all landings during the reported month.

**7. How many enplanements at Sand Point each year?**

CY 2017 had 3,996 total enplanements. PenAir Inc. had 3,945 enplanements or 98.7%.

**8. What other carriers utilize Sand Point other than Pen Air?**

Air Cargo Express (ACE), Grant Aviation, and Illiamna Air Taxi

**9. Did you consider other ways of recouping the additional cost of the Part 139 program?**

Danny Seybert from PenAir, Inc. answered this question but Troy LaRue agreed with his answer. Pen Air, The City of Sand Point, and DOT&PF met several times over about a 14 month time frame trying to map out another method to recoup costs. After several attempts to craft an agreement that would capture the extra cost for the City or Pen Air, it was determined that the only acceptable method that would not discriminate between carriers would be a landing fee.

**10. Is this regulation crafted only for operations at Sand Point or could it be used at other locations?**

The regulation specifically cites only Sand Point Airport.

**11. How did you come up with the rate?**

DOT&PF estimated the additional annual cost for the new Part 139 service at Sand Point Airport would be about \$65,000/year, then back-calculated the landing fee per 1,000 lbs. Gross Maximum Take-Off Weight using known scheduled landings for 2017.

**12. What is the total cost to stand up the 139 operation?**

It is important to understand that there are two costs, 1<sup>st</sup> to make the airport conform to regulation and then the annual expense to operate under the certificate. The estimated additional operation cost of \$65,000/year is only for the additional annual expense to operate under the certificate. The one-time cost to stand-up the Part 139 operation was \$190,000.

**13. What will you do in the future if the airport no longer needs a Part 139 certificate?**

In the past, Sand Point Airport had a Part 139 certificate and when the airport no longer needed the certificate then DOT&PF gave it back to FAA. Regarding the landing fees regulations: if DOT&PF were to give back the Part 139 certificate to FAA, then related regulations could be rescinded by the Commissioner's action.

**14. Was an analysis conducted examining the demand for scheduled commercial passenger service at SDP using equipment larger than 29 seats? If so, what were the findings of that demand analysis?**

PenAir, Inc. had 97.8% of the reported enplanements in 2017, and was the entity that performed the analysis and determined that they could provide a better service for both Cold Bay and Sand Point as many times they combine the routes. Both PenAir, Inc. and the City of Sand Point asked DOT&PF to institute FAA Part 139 airport services to accommodate the larger faster Saab 2000 aircraft.

**15. What is the total estimated number of annual full-stop landings, for all operators at SDP with aircraft having a certificated MGTOW of more than 6,000 pounds, underlying the DOT&PF's analysis?**

Total landings at Sand Point Airport in 2017 for aircraft above 6,000 lbs. were 520 landings.

**16. What process is going to be used and what audit procedures are available to ensure the landing fee is applied fairly and equitably to all operators using aircraft with a certificated MGTOW of more than 6,000 pounds?**

DOT&PF staff will compare U.S. DOT data with landings reported to DOT&PF.

**17. What were the expenses associated with recently obtaining FAA Part 139 certification for SDP, and what is the estimated annual cost increase associated with that certification on a moving forward basis (i.e., versus the airport's likely costs without such certification)? How were such cost estimates reviewed for accuracy and completeness?**

The total one-time expenses to obtain the FAA Part 139 certificate at Sand Point was \$190,000. DOT&PF Southcoast Region forecast the annual additional costs will be \$65,000. Staff and the Division Director calculated the cost estimates, and compared it to other Part 139 airports.

**18. In the DOT&PF Public Notice issued on or about November 15, 2018, the DOT&PF estimated \$65,000 for the proposed landing fee's annual cost to "all private persons." What was the methodology used by the DOT&PF to arrive at this estimated figure?**

\$65,000 is the total estimated additional cost to provide the Part 139 services per the explanation in the above Q&A #3 and #17.

**19. Has the DOT&PF identified and contacted all current, along with potential, commercial operators with aircraft having a certificated MGTOW of more than 6000 pounds, to determine what financial impact the proposed landing fee may have on their operations?**

DOT&PF contacted scheduled air carriers that reported landings to U.S. DOT in 2017 at Sand Point. Additionally, DOT&PF sent the public notices to the Alaska Air Carriers Association which forwarded the public notices to their members. However the Public Notices state: "You should comment during the time allowed if your interests could be affected."