



Business Terms Survey Initial Results

Tony Conza
Vice President of Finance
Tampa International Airport

ACI-NA received a total of 83 responses in the 2024-25 survey, compared to 77 responses in the prior year

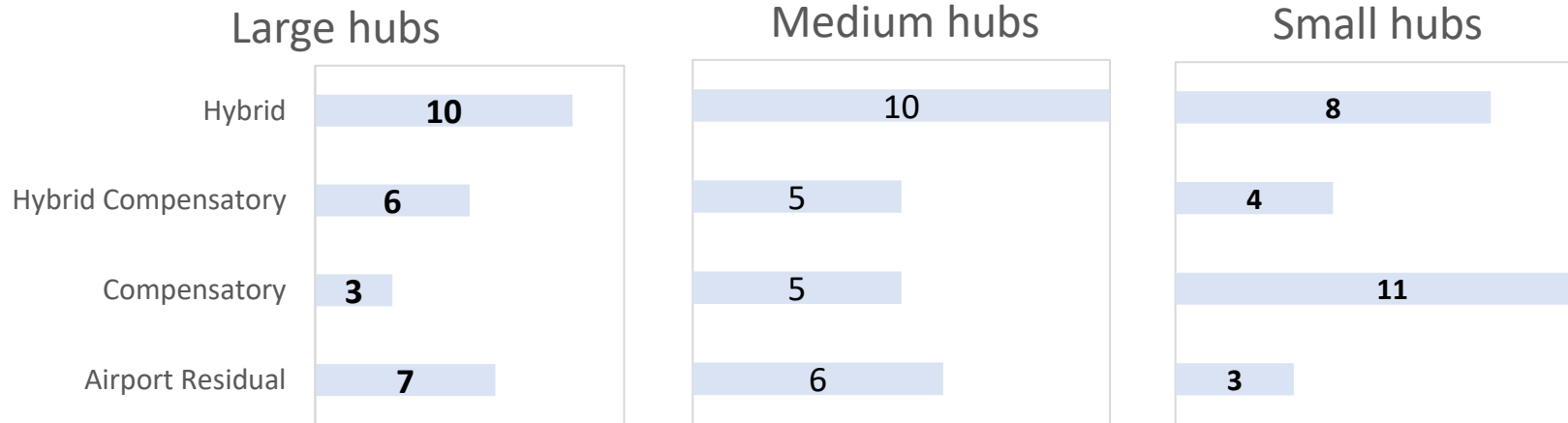
FAA Hub Size *	Responses	Total count	% responded
Large	26	31	84%
Medium	26	33	79%
Small	26	73	35%
Canadian/Non-hub	5		
Total	83		



* The hub classification is based on calendar year 2023 enplaned passengers.

Slightly more large/medium-hub airports are under residual ratemaking

- ✈ Out of 80 responses, 44 reported being residual/hybrid (55%), and 36 reported being compensatory / hybrid compensatory (45%)
- ✈ 17 **large-hub** airports reported residual or hybrid residual (out of a total of 26 responses: 65%)
- ✈ 16 **medium-hub** airports reported residual/hybrid residual (out of 26 responses: 62%)



Regarding the term of the agreement, for large hubs, long-term agreements are wide-spread.

(Note that there are new agreements started at DCA/IAD)

Less than 5	5+ years	10+ years	15+ years
<ul style="list-style-type: none">• 7 airports• Airports with rates by resolution airport (BOS, PHX and TPA)• Airports with rate agreements (LAX and MCO)• HNL and PHL	<ul style="list-style-type: none">• 3 airports• BNA, BWI and SEA	<ul style="list-style-type: none">• 5 airports• CLT, DFW, SAN, SFO and SLC	<ul style="list-style-type: none">• 11 airports• ATL, AUS, DCA/IAD, DEN, DTW, FLL, LAS, MIA, MSP, and ORD

Airport-wide ratemaking may not be the same as the cost center ratemaking methodology

Residual (airport-wide)

Landing fee is sized to recover all costs, net of all other revenues.

- Terminal rental rate can be any methodology

Residual (dual cost center)

Airfield: residual, or net of some landside profit/loss

Terminal: residual, net of all other landside profit/loss

Hybrid Residual

Airfield: any method

Terminal: any method

Landside: shared, with residual protection

Hybrid Compensatory

Airfield: any method

Terminal: any method

Landside: shared, without residual protection

Compensatory

Airfield: any method

Terminal: compensatory

Landside: kept by airport

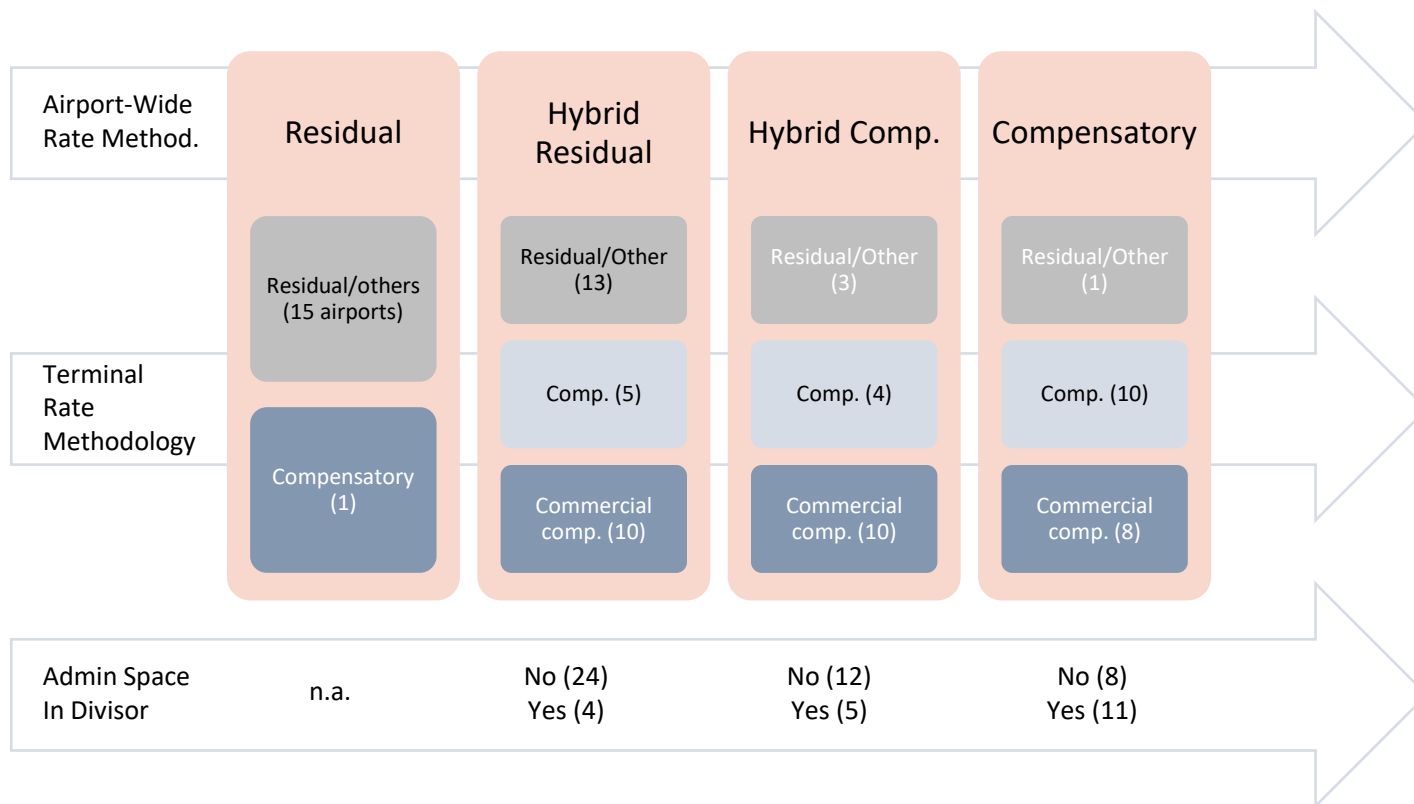
Airfield Cost Recovery

- ➔ 66 out of 80 airports reported utilizing a residual landing fee methodology
- ➔ 11 airports reported a compensatory landing fee methodology
- ➔ 4 airports reported fixed landing fee rates

Note:

- ➔ Although an airport cannot impose airport-wide residual ratemaking on airlines, the landing fee rate can be calculated using an approach similar to residual:
 - ➔ Aggregate of airfield-related direct and indirect operating expenses, debt service, and fund deposit
 - ➔ Net of general aviation-related fuel flowage fee and other revenues
 - ➔ Divided by the sum of signatory and non-signatory airline landed weight
- ➔ Comparatively, a compensatory landing fee is calculated by dividing the net requirement by the total landed weight (commercial airlines plus general aviation and other activities).

More airports are using a compensatory or commercial compensatory for terminal ratemaking.



FIS rate setting varies significantly

(likely due to significant facility cost and activity level)

- ✈️ Out of 55 airports with FIS charges:
 - ✈️ 20 airports target to recover total costs (full cost recovery)
 - ✈️ 26 airports have a fixed FIS rate (with less than full cost recovery)
 - ✈️ \$13 is the highest reported FIS rate, although some implied rates may be higher
 - ✈️ Noteworthy among other responses:
 - ✈️ One airport has floating FIS rates based on activity level (e.g., full recovery at high traffic level, and fixed/low rates at low traffic level)
- ✈️ For the space included in the FIS rate calculation
 - ✈️ 53 airports responded "not applicable," which implies some airports set the fixed FIS rate regardless of space
 - ✈️ 21 airports included all space within the facility envelope, with only 5 airports reported other methods

More airports are using 90/10 or 100/0 formula to allocate baggage claim expenses

- ✈ In long-past years, 80/20 was been the “standard” formula allocating baggage claim expenses.
 - ✈ 80% based on enplaned or deplaned passengers
 - ✈ 20% based on the number of users
- ✈ Survey results indicate that:
 - ✈ 21 airports reported 100/0 for passenger or bag count (no fixed fee portion)
 - ✈ 12 reported 90/10, 87.5/12.5, or 85/15
 - ✈ 20 reported 80/20.
 - ✈ Some airports exclude low-volume carriers from the allocation of the fixed fee portion.
 - ✈ 23 other airports used other metrics to allocate baggage claim

Sharing Non-Airline Derived Revenue With Airlines

- ✈ **38** airports reported having revenue sharing, with many variations.
 - ✈ 8 airports share a fixed % of net remaining revenues
 - ✈ 6 airports share a fixed % after reserving a certain dollar amount
 - ✈ Many other variations were utilized. . . including 1st achieving a debt service coverage threshold, exceeding an enplaned passenger level, variable sharing %s, and sharing only certain concession revenues, among other variations
- ✈ As to allocation/distribution of revenue sharing:
 - ✈ 18 airports allocate revenue sharing partly based on enplaned passengers
 - ✈ 8 airports allocate partly based on landed weight
 - ✈ 9 airports allocate partly based on rented space
 - ✈ Others... credit to airline cost centers

The capital control/review process appears to be closely tied to ratemaking methodologies

