

REPUBLIC AIRPORT (FRG)



Backgrounder on Changes to its Rates and Charges

What:

New York State Department of Transportation Commissioner has approved updated aviation related rates and charges for Republic Airport, marking the first time since 1992 that these fees have been adjusted to reflect the

current costs of operating the busiest general aviation airport in New York State.

The revised fee structure is comparable to other general aviation airports in downstate New York, and will ensure that Republic

Airport continues to be an asset to the region's economy, the aviation community, and our transportation infrastructure.

What are rates and charges?

Rates and charges are fees that an airport collects for use of its assets by the aviation community. Typically, Republic Airport charges fees for aircraft to land at the air-

port, for fueling the aircraft, for rental of aircraft tie-downs, and for use of its runways, taxiways, and other assets at the airport.

Why are these fees imposed at a public airport?

The strategic goal of the New York State Department of Transportation is for the airport to be economically self-sufficient so that there is no tax burden on residents of the state to operate and

maintain the airport. The fees from these rates and charges are used to generate income for the purpose of making the airport self-sufficient while allowing it to meet its operating costs.

The income is spent on a variety of airport needs, from employee compensation to utilities to infrastructure support and maintenance.

Why are they being changed now?

Airport related rates and charges were last updated in 1992. Since that time, prices have increased by over 50% in the downstate New York region. With the obvious increase in overall costs over the last 15 years, and a

finite airport budget, maintenance of the airport would be significantly impacted if fees and charges were not increased to reflect the cost of operations. (As an example, more than half of the taxiways on the field are rated by the FAA as poor

or failed. An increase in fees and charges will allow an increase in the maintenance budget to address ongoing maintenance of paved surfaces, reducing the need for wholesale reconstruction.)

How were the rates and charges developed?

Determining the new rates and charges was a two-fold process. First, fees charged by other general aviation airports in the downstate region were examined and used to develop a model for Republic Airport. Second, the aviation community and neighboring residential community were asked to provide input for the pro-

posal. This was accomplished by meeting with interested parties, sending letters to solicit comments, and publishing the proposed changes in the State Register with an official comment period that complied with state rules.

A review of the landing fees at other general aviation airports

showed that heavier aircraft were charged at a higher rate than lighter aircraft. The basis for this approach is that heavier aircraft have a greater impact on the airport's infrastructure. (Their heavier weight generally puts more stress on the runways and taxiways, and they need to use more runway length for takeoffs and landings.)

Recreational flying, tie-downs and a balanced approach to fees.

Another consideration in establishing the landing fees was that the amount of recreational flying has been decreasing due to the increase in fuel costs. While corporate jet traffic has been increasing at a modest rate for several years at Republic Airport, propeller traffic has been decreasing by over 10 percent per year. Increasing the landing fee for the lighter aircraft

would only place an unfair financial burden on that portion of the aviation community.

Despite decreasing recreational flights, the number of people requesting tie-down locations exceeds the available space at the airport. There is a considerable waiting list for tie-downs on the Echo Ramp, and the fixed-base operator tie-down and T-hangar

locations are at capacity. Therefore, to generate additional revenue for airport maintenance, the cost for tie-downs on the Echo Ramp was increased approximately 30 percent. While this number is below the rate of inflation for the last 15 years, it will help generate a portion of much needed airport revenue.

Fuel pumping reviewed.

Most comparable airports charge around \$0.10 per gallon for fuel pumping. Republic Airport has charged \$0.05 per gallon for many years. Because of the

existing burden from high fuel costs on Long Island, it has been determined that there will be only a moderate increase to the charge for jet fuel and no increase in the

charge for aviation fuel. Therefore, Jet A will be \$0.07 per gallon and 100LL will be \$0.05 per gallon.

What comments were received on this issue?

Most of the discussion with the aviation community centered on the differences between based aircraft (those that are permanently housed at Republic Airport) and transient aircraft (which arrive and then depart for their home base). Based aircraft, and the companies that own them, pay rent to keep their aircraft at Republic Airport, they refuel at Republic, create jobs in the local community, and provide other economic benefits to the airport and region. Therefore, there were several comments that the landing fees should have separate categories for based and transient aircraft, with transients paying a higher landing fee. Several other airports in the region have lower landing fees or no landing fees for based traffic.

After much study, there were two main reasons why this proposal

was not adopted. One, over two-thirds of the landings at Republic Airport are by aircraft based at Farmingdale. Therefore, reducing the costs for based aircraft to land results in at least twice the increase for transient aircraft. Second, the enacted changes to fees and charges will result in jet aircraft paying two to four times what they currently pay to land. Further increasing the fees for transient aircraft could be seen as punitive or discriminatory and could subject the airport to challenges regarding the new rates.

Most of the comments from the residential communities dealt with jet traffic. Residents requested that landing fees be increased substantially for jet aircraft, with some requesting landing fees the same as some specific commercial airports with scheduled passenger service (i.e., Kennedy, LaGuardia).

As mentioned above, jets will be paying two to four times what they currently pay to land under the new fee structure. This is a substantial increase by any metric. While the fees will not increase to the rates charged by the commercial airports in New York City or Teterboro Airport in New Jersey, the landing fee for the largest aircraft to use Republic Airport will be higher than any other general aviation airport in downstate New York. This fee is justified by the proximity of the airport to the major business centers in Nassau and Suffolk Counties.

Since Republic Airport has no commercial traffic and no flight delays, instituting landing fees comparable to the most congested commercial airports in the country would be seen as a punitive act and cannot be justified.

What other fund sources is the airport pursuing?

Rates and charges are just one of the revenue streams that meet the financial needs of Republic Airport. The airport rents property, primarily to aviation related companies. Some of these companies have made, or are making, improvements to their property that will increase the amount of rent paid to the airport.

To further increase the airport's revenue stream, it is also looking to

rent properties under Republic's jurisdiction that do not have airside access.

Automobile shows have become more popular at the airport and the sponsors of these events rent buildings, ramp space, runways, and taxiways from the airport. There have been several movies and television shows filmed at the airport, and more effort will be expended to increase the exposure of the airport

to these events so that it may enjoy a sustained revenue stream as a special event venue.

The Federal Aviation Administration provides grants to airports to meet a variety of needs. Republic Airport has been the recipient of several grants for safety improvements to the airport and will continue to request federal aid for further safety improvements.

What will happen to rates and charges in the future?

The Department believes rates and charges should be examined at more regular intervals to determine if changes should be made to keep the airport self-sufficient and competitive. Some of the

suggestions made over the last two years will be considered the next time these revenue sources are reviewed, and dialogue will be sustained with those groups affected by these changes.



REPUBLIC
Long Island's Executive Airport