



June 25, 2019

Re: FY2019-20 LAX Landing Fee Rates & Other Charges

Dear Airline Partners:

**LAX**

**Van Nuys**

**City of Los Angeles**

Eric Garcetti  
Mayor

**Board of Airport  
Commissioners**

Sean O. Burton  
President

Valeria C. Velasco  
Vice President

Jeffery J. Daar  
Gabriel L. Eshaghian  
Beatrice C. Hsu  
Thomas S. Sayles  
Dr. Cynthia A. Telles

Deborah Flint  
Chief Executive Officer

On June 20, 2019, through Resolution No. 26799<sup>[1]</sup>, the City of Los Angeles Board of Airport Commissioners (BOAC) set the Fiscal Year 2019-20 Landing Fee Rates and Other Charges at Los Angeles International Airport (LAX).

Effective July 1, 2019 to June 30, 2020, the LAX Landing Fee Rates per 1,000 lbs. of Maximum Gross Landing Weight (MGLW) are the following:

- \$5.08 for Permitted Air Carrier - Passenger Aircraft
- \$3.93 for Permitted Air Carrier - Cargo Aircraft

The above rates, as well as the revised public/non-exclusive aircraft parking charges, were presented and discussed with airlines at the Airline Airport Affairs Committee (AAAC) meeting on May 31, 2019. For your reference, attached is a summary of the LAX FY2019-20 Rates & Charges.

Please feel free to contact either Myrna Tecson at (424) 646-5262 or Rod Salvador at (424) 646-7268, if you need further clarification.

Sincerely,

Nerida Esguerra-Olivares  
Finance & Budget Division Manager

NSE:NSE:mt

Attachment

- cc: K. Wilschetz - Airport Operations  
 T. Edwards - Airfield Permits  
 R. Yakubik – Chief Financial Officer  
 S. Silva - Accounting Operations  
 R. Wong - Financial Reporting  
 V. Hunter - RAMS



[1] Actions taken on this item by the Board of Airport Commissioners are not final until the expiration of the time period required under Los Angeles City Charter Section 245 and the Los Angeles City Council has not asserted jurisdiction over such actions within such time period.

<b>LAX Landing Fees - Budget Rates</b>		<b>FY2019-20</b>	<b>FY2018-19</b>
<b>Aircraft over 25,000 lbs.</b>			
Permitted-Passenger (per 1,000 lbs)		\$5.08	\$4.75
Permitted-Cargo (per 1,000 lbs)		\$3.93	\$3.72
Permitted Commuters Not Using Terminal Aprons (per 1,000 lbs)		\$3.93	\$3.72
Non-Permitted Passenger (per 1,000 lbs)		\$6.35	\$5.94
Non-Permitted Cargo (per 1,000 lbs)		\$4.91	\$4.65
Non-Permitted Commuters Not Using Terminal Aprons (per 1,000 lbs)		\$4.91	\$4.65
<b>Aircraft 25,000 lbs. or less</b>			
<u>Permitted Airlines</u>			
Aircraft 12,500 lbs. or less (per landing)		\$66.00	\$62.00
Aircraft over 12,500 up to 25,000 pounds (per landing)		\$127.00	\$119.00
<u>Non-Permitted Airlines</u>			
Aircraft 12,500 lbs. or less (per landing)		\$83.00	\$78.00
Aircraft over 12,500 up to 25,000 lbs. (per landing)		\$159.00	\$149.00
<b>Ramp Charges</b>			
each 15-minute period or fraction thereof after airline has been given notice that airport operations require that the aircraft leave the area		\$100.00	\$100.00
each 10-minute period or fraction when aircraft is double-parked or in a position other than a regular gate position and the airline has been given notice to leave the area		\$100.00	\$100.00
each 15-minute period or fraction thereof in excess of 30 minutes for the cleanup of fuel spills		\$100.00	\$100.00
<b>Public/Non-exclusive Aircraft Parking Charges</b>			
<u>Maximum Gross Landed Weight</u>	<u>Hours Parked</u>		
Aircraft below 500,000 lbs.	≤ 3 hrs	No charge	No charge
	3 hrs > x ≤ 6 hrs	\$ 90.00	\$ 80.00
	6 hrs > x ≤ 12 hrs	\$ 122.00	\$ 106.00
	Daily Rate* (> 12 hrs)	\$ 170.00	\$ 148.00
Aircraft 500,000 lbs. or above	≤ 3 hrs	No charge	No charge
	3 hrs > x ≤ 6 hrs	\$ 122.00	\$ 106.00
	6 hrs > x ≤ 12 hrs	\$ 122.00	\$ 106.00
	Daily Rate* (> 12 hrs)	\$ 180.00	\$ 160.00
* The Daily Rate will also apply for each full or partial day that the aircraft is parked after the first 24 hours.			



RESOLUTION NO. 26799

WHEREAS, the Board of Airport Commissioners, in accordance with Section 632(a) of the City Charter of Los Angeles, is authorized to fix and collect rates and charges for use of lands, property and facilities controlled by the City of Los Angeles in accommodation of air commerce; and

WHEREAS, it is recommended that Resolution 26517 be rescinded and that effective July 1, 2019, the definitions, rates, charges, and fees and reporting requirements set forth herein shall apply to all aircraft using the facilities at Los Angeles International Airport and owned and operated by the City of Los Angeles, except as otherwise expressly provided herein:

LAX  
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Chief Executive Officer

Section 1. Definitions

- (a) "Air Carrier" – Any person or persons, including corporations, that undertakes, whether directly or indirectly or by lease or any other arrangement, to engage in air commerce, that is certified by the Federal Aviation Administration (FAA), and that holds a current FAA certificate to transport air passengers or property for hire.
- (b) "Aircraft" – Any heavier-than-air fixed or rotary wing vehicle used or designed for flight.
- (c) "Board" – The Board of Airport Commissioners of the City of Los Angeles.
- (d) "City" – The City of Los Angeles.
- (e) "Chief Executive Officer" – The Chief Executive Officer of the Los Angeles World Airports.
- (f) "LAWA" – Los Angeles World Airports, also known as the Department of Airports of the City of Los Angeles.
- (g) "LAX" – Los Angeles International Airport.
- (h) "Ferry Landings" – Landings of Aircraft without revenue passengers and/or cargo on board, operated by an Air Carrier other than a non-scheduled or on-demand air taxi operator, at an airport owned or operated by City for the purpose of positioning Aircraft to enplane passengers, and/or cargo for originating a flight.
- (i) "Maximum Gross Landing Weight" or "MGLW" – The FAA Certificated Maximum Gross Landing Weight or actual gross landing weight of Aircraft if no such specification exists. In computing fees prescribed in this Resolution, except for Aircraft weighing less than 25,000 lbs., 500 lbs. or any larger part of 1,000 lbs. shall be counted as if a whole 1,000 lbs. and any smaller part shall be disregarded.
- (j) "Non-Permitted Air Carrier Passenger" – An Air Carrier that transports either passengers or both passengers and cargo for compensation and that has not signed an LAX Air Carrier Operating Permit.
- (k) "Non-Permitted Air Carrier Cargo" – An Air Carrier that transports cargo but not passengers for compensation and that has not signed an LAX Air Carrier Operating Permit.



- (l) "Permitted Air Carrier Passenger" – An Air Carrier that transports either passengers, or both cargo and passengers for compensation and that has executed an LAX Air Carrier Operating Permit under authority granted by the Board.
- (m) "Permitted Air Carrier Cargo" – An Air Carrier that transports cargo but not passengers for compensation and that has executed an LAX Air Carrier Operating Permit under authority granted by the Board.
- (n) "Public/Non-exclusive Aircraft Parking Areas" – Those areas which are designated by the Chief Executive Officer, or her designee, and available in common with other Air Carriers for the public/non-exclusive parking of Aircraft; subject, however, to changes therein at the discretion of the Chief Executive Officer, or her designee, at any time.
- (o) "Revenue Landings" – Each landing of an Aircraft at LAX, except the following:
  - (i) landings of an Aircraft owned and operated by agencies of the United States Government<sup>1</sup>;
  - (ii) landing of an Aircraft that departs from LAX and returns, without having landed at another airport, for meteorological, mechanical, safety or any other emergency purpose;
  - (iii) landing of an Aircraft during training flights;
  - (iv) landing of an Aircraft during maintenance test flights;
  - (v) Ferry Landings

## Section 2. Landing Fee Rate

Permitted Air Carriers and Non-Permitted Air Carriers shall pay a landing fee for each Revenue Landing of an Aircraft operated by such Air Carrier. The landing fee shall be an amount equal to the product of (i) the number of 1,000 lbs. of MGLW of an Air Carrier's Revenue Landing multiplied by (ii) the landing fee rate.

### (a) Landing Fee Rate for Permitted Air Carriers

- (i) \$66.00 for each landing of Aircraft having a MGLW of 12,500 lbs. or less.
- (ii) \$127.00 for each landing of Aircraft having a MGLW of more than 12,500 lbs. up to and including 25,000 lbs.
- (iii) \$3.93 per 1,000 lbs. of MGLW for each landing by a Permitted Air Carrier Cargo having a MGLW of more than 25,000 lbs. This rate also applies to permitted commuter air carriers that do not use the terminal aprons.
- (iv) \$5.08 per 1,000 lbs. of MGLW for each landing by a Permitted Air Carrier Passenger having a MGLW of more than 25,000 lbs.

### (b) Landing Fee Rate for Non-Permitted Air Carriers

- (i) \$83.00 for each landing of Aircraft having a MGLW of 12,500 lbs. or less.
- (ii) \$159.00 for each landing of Aircraft having a MGLW of more than 12,500 lbs. up to and including 25,000 lbs.

<sup>1</sup> Pursuant to Federal Grant Assurance #27 (Use by Government Aircraft), LAWA allows federal government agencies to land/takeoff and park their aircraft free of charge.

- (iii) \$4.91 per 1,000 lbs. of MGLW for each landing by a Non-Permitted Air Carrier Cargo having a MGLW of more than 25,000 lbs. This rate also applies to non-permitted commuter air carriers that do not use the terminal aprons.
- (iv) \$6.35 per 1,000 lbs. of MGLW for each landing of Non-Permitted Air Carrier Passenger having a MGLW of more than 25,000 lbs.

**Section 3. Ramp, Apron and Remote Area Fees**

Air Carriers using the ramp, apron and remote areas shall be charged the following Ramp, Apron and Remote Area Fees:

- (a) \$100.00 for each 15-minute period or fraction thereof after the Air Carrier has been given notice by the Chief Executive Officer that Airport Operations requires that the aircraft leave the area. The period to be used for calculating this charge shall begin 15 minutes after such notice has been given.
- (b) \$100.00 for each 10-minute period or fraction thereof when an Aircraft is double-parked or in a position other than at a regular gate position and the Air Carrier has been given notice by the Chief Executive Officer that Airport Operations requires that the aircraft leave the area. The period to be used for calculating this charge shall begin 5 minutes after such notice has been given.
- (c) \$100.00 for each 15-minute period or fraction thereof in excess of 30 minutes for clean-up of fuel spills.

**Section 4. Public/Non-Exclusive Aircraft Parking Fee**

Air Carriers using the Public/Non-Exclusive Hardstand Aircraft Parking Areas shall be charged the following Aircraft Parking Fees:

- (a) Air Carriers shall be subject to the Aircraft Parking Fee for parking of Aircraft in Public/Non-Exclusive Aircraft Parking Areas.

Maximum Gross Landed Weight	Hours Parked	Rates
Aircraft below 500,000 lbs.	≤ 3 hrs	No charge
	3 hrs > x ≤ 6 hrs	\$ 90.00
	6 hrs > x ≤ 12 hrs	\$ 122.00
	Daily Rate* (> 12 hrs)	\$ 170.00
Aircraft 500,000 lbs. or above	≤ 3 hrs	No charge
	3 hrs > x ≤ 6 hrs	\$ 122.00
	6 hrs > x ≤ 12 hrs	\$ 122.00
	Daily Rate* (> 12 hrs)	\$ 180.00

*\* The Daily Rate will apply for each full or partial day that the aircraft is parked after the first 24 hours.*

- (b) Air Carriers shall submit a monthly report listing the MGLW, Aircraft Parking Area locations, dates and times their Aircraft were parked at LAX. Payment of Aircraft Parking Fees shall accompany each report.

**Section 5. Summary of Air Carrier Rate Setting Methodology Cost Centers**

Cost centers mean those functions or physically discrete areas which are used to accumulate costs incurred by the Department to provide, maintain, operate, and administer LAX. There are two types of cost centers used in the cost of services methodology: (1) direct cost centers which are each related to a defined geographical

area of LAX that serves a particular function and (2) indirect cost centers which are related to service type functions that support the direct cost centers. The following is a description of each direct and indirect cost center.

#### Direct Cost Centers

- Airfield Cost Center – Airfield Cost Center is comprised of the land and facilities which support air navigation and flight activities, including Aircraft access to, and egress from, apron areas. Land and facilities include runways, taxiways, approach and clear zones, navigation and related easements, infield areas, safety areas, remote areas for public/non-exclusive aircraft hardstand parking positions (that do not have passenger support facilities, i.e., jet bridges to load and unload passengers) and landing and navigational aids.
- Apron Cost Center – Apron Cost Center is comprised of the land and paved areas primarily adjacent to passenger terminal buildings, but does not include aprons associated with general aviation, cargo, or Aircraft maintenance facilities.
- Terminal Cost Center – Terminal Cost Center is comprised of the land and all passenger terminal buildings and other related and appurtenant facilities whether owned, operated, or maintained by LAWA. Facilities include the passenger terminal buildings located in the Central Terminal Area (CTA), passenger terminal buildings located outside the CTA, associated concourses, hold rooms, passenger tunnels, and all other facilities which are integral parts of the passenger terminal buildings.
- Aviation Cost Center – Aviation Cost Center is comprised of the land and facilities related to air cargo, general aviation, fixed based operator operations, Aircraft fueling, exclusive parking positions, Aircraft maintenance, Air Carrier services, and other aviation-related activities.
- Commercial Cost Center – Commercial Cost Center is comprised of the land and facilities not located in passenger terminal buildings which are provided for non-aeronautical commercial and industrial activities, including for example, public automobile parking, car rental service centers, golf courses, the Theme Building, and the Proud Bird Restaurant.

#### Indirect Cost Centers

- General Administration – General Administration includes the general administrative and support costs related to providing, maintaining, operating and administering the LAX which cannot be directly allocated to cost centers.
- Access – Access includes the costs of providing, maintaining, operating, and administering facilities and services for on-LAX and off-LAX ground access for vehicles and pedestrians, including airside and landside access, and LAX access generally. It also includes the costs of increasing, preserving, or managing the throughput capacity of LAX's access facilities, that is, the volume of, and rate at which, users can be accommodated.

#### Cost Elements

The following is a description of the cost elements allocated to the direct and indirect cost centers:

- Operating Expenses – Operating expenses include salary, employee benefit, material and supply, and contractual service expenses. The operating expenses

used to calculate rates which are placed into effect at the beginning of a fiscal year reconciled back to the official operating budget document of the Department, subject to certain adjustments for items such as cost reimbursements, capitalized labor expense, and other items.

- Capital Items Costing Less than \$100,000 – All expenditures for individual capital items whose local cost (i.e., cost net of passenger facility charges (PFCs), grants, and other contributed capital) is less than \$100,000 are expensed for the calculation of landing fees, notwithstanding what treatment might be required for accounting or other purposes.
- Debt Service – Debt service means the amounts related to principal and interest (P&I) on debt obligations as required in debt contracts of the Department.
- Amortization on Locally-Funded Assets Costing \$100,000 or More – All individual assets whose local costs (i.e., asset cost net of PFCs, grants, and other contributed capital) are \$100,000 or more are subject to amortization.

Amortization means the amount necessary to recover the original capital investment (plus interest) over the life of the asset in the form of equal monthly payments. Amortization is calculated over the useful life of each asset at an interest rate equal to the yield on 30-year Treasury securities as of December 31<sup>st</sup>.

- Debt Service Coverage – Debt service coverage means the margin of safety for payment of debt service, reflecting the amount by which “earnings” must exceed “debt service” pursuant to the provisions of the debt contracts.
- Required Deposits to Bond Accounts – Required deposits to bond accounts means the amount of annual deposits, if any, to funds and to accounts required under debt contracts which are obligations of the Department, e.g., operating reserve fund, reserve maintenance fund, debt service reserve fund.
- Van Nuys Reliever Net Costs – Van Nuys is the largest general aviation airport in the United States. The use of Van Nuys by general aviation increases the ability of scheduled Air Carriers to use LAX facilities. The net costs of the Van Nuys reliever airport mean the amount, if any, by which the costs of Van Nuys exceed its operating revenue and allocable non-operating revenue. The Van Nuys costs are comprised of the same cost elements used to determine LAX costs.

#### Cost Allocation

- Operating Costs – The Department’s cost accounting system tracks salary and material/supply costs to cost centers. Both labor time and material/supply costs are charged to these cost centers by individual employees. Direct salary and benefits expenses for each Division are tracked to the five direct and two indirect cost centers. Material and supply expense and equipment expense are charged to the division’s organization cost centers and to location cost centers where material and supplies are used or services are rendered. Insurance premiums and City Special Services – Crash, Fire and Rescue are singled out for special allocations.
- Capital Costs – Projects and fixed assets records are analyzed to determine the projects (or assets) which have been financed by the Department from all sources of funds. The ratio of the cost of bond-funded assets by cost center formed the basis for allocating (1) debt service, (2) debt service coverage, and (3) required deposits to bond accounts for each outstanding debt obligation of the Department.

Locally-funded projects are traced to individual cost centers to which the appropriate amortization expenses are assigned.

Cost Allocation Detail

Following is a detailed listing of the allocation basis for each cost element:

Cost Element	Allocation Basis
<u>Salaries and Benefits Expense</u> For each Division	Direct charge to cost center where possible
<u>Material and Supply Expense</u> For each Division	Direct charge to cost center where possible
<u>Contract Services Expense</u> For each Division	Direct charge to cost center where possible
<u>Equipment and Vehicle Expense</u> For each Division	Direct charge to cost center where possible
<u>Insurance Expense</u> Fire & Extended Boiler & Machinery Property Liability & Property Damage	Distribution % from Risk Management - based on insured values of property - based on insured values of property - based on historical claims
<u>Required and Discretionary Reserves</u> Debt Service Reserve Debt Service Coverage Deposit to Reserve for maintenance and operations (M&O)	Ratio of each series' bond P&I by cost center Ratio of each series' bond P&I by cost center Ratio of M&O expenses by Direct cost center
<u>City Services—Code of Federal Regulations</u> Crash 80 Other Flightline resources Non-Flightline resources	100% Airfield 100% Airfield Ratio of insurance premiums
<u>Security Costs</u> Airport Police, Los Angeles Police Department	mainly based on deployment study agreed upon with airlines (Matrix study)
<u>Indirect Cost Centers</u> General Administration Access	Ratio of M&O expense by cost center Ratio of land area by cost center <sup>2</sup>

Landing Fee Calculation

Costs accumulated in the Airfield Cost Center are apportioned among all users of airfield based upon aircraft landed weight. Costs accumulated in the Apron Cost Center are apportioned by weight among all passenger airlines using the facilities in said cost center.

A mid-year review should be made by the Department of cost and operational information with the Board adjusting landing fees for the remainder of the year if the variances warrant such an adjustment. A landing fee calculation should be performed based upon actual expenses as soon as feasible following the close of the fiscal year. Reconciliation between actual expenses and budgeted landing fees will result in a variance that can be settled by invoice or credit to the users. Plane parking charges are not subject to reconciliation.

<sup>2</sup> Land areas were adjusted to equalize areas attributable to the Terminal and Airfield cost centers so that allocation of Access costs would affect the Terminal and Airfield cost centers equally.

Documentation concerning the landing fee calculation and other information relevant to the landing fee for FY2020 were provided to airline representatives prior to this action; and

WHEREAS, this action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(31) of the Los Angeles City CEQA Guidelines; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 245;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners determined that this action is exempt from the California Environmental Quality Act requirements; adopted the staff report; approved the schedule of Fiscal Year 2019-2020 rates and charges at Los Angeles International Airport effective July 1, 2019 through June 30, 2020; and approved rescission of Resolution No. 26517.

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I hereby certify that this Resolution No. 26799 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 20, 2019.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS