Setting rates and charges can be one of the most challenging tasks an airport operator or owner undertakes, especially at smaller airports. It’s difficult because each airport is unique, and so each needs to be looked at carefully and individually. Also, individual airports provide different services, and rates and charges can fluctuate depending on the types of services that are offered. Finally, if rates and charges are set too high at an airport, pilots can easily relocate their aircraft to another airport in the surrounding area.
condition of the facilities, and other improvements (access to aprons or other paved areas, for example). A final consideration for developing an airport profile is the component rents. Component rents should be broken down as either "real-estate related" (renting unimproved land, improved land, or facilities) or "non-real-estate related" (charging businesses a percentage of their gross receipts as rent for use of airport facilities).

2. Once enough information is gathered to form a detailed profile, identify comparable airports with the same profile. The first place to start comparing your airport’s profile with similar ones around the state is in the Airport Directory and Travel Guide, which can be obtained from the Mn/DOT Office of Aeronautics (800-657-3922) or online at www.mnaero.com. Also, consulting with your airport’s regional engineer at the Office of Aeronautics may provide an idea of which airports are similar to yours. The airport operator or owner should consider the area surrounding the airport, such as the distance to and the size of the closest town and the type of activities that occur in the surrounding area.

3. Obtain rental rates, fees, and related information from comparable airports that were identified in step two. Before setting rates and charges, an airport operator or owner should first conduct a market survey to determine what amount surrounding airports are using for their rates and charges. This can be done by conducting research on the Internet, calling airport managers or owners, or talking to other users of the airports that were identified previously. From this survey of airports of similar size, rates and charges can be compared and analyzed to obtain an appropriate rental rate for your airport. In addition, you may want to investigate rental rates for off-airport storage buildings in the community. The process of gathering comparable information may be time consuming, but the effort will yield better results. With this information, the airport operator or owner will have a better understanding of what would be a competitive and fair rate to charge airport users.

4. Analyze the data collected from comparable airports. Here is where the airport operator or owner will start to develop and decide what rates and charges would be suitable. Airports can use considerable leeway in this area so that appropriate elements are considered. Because each airport is unique, it is best not to use the exact same rates and charges that were received from another airport, but rather, to consider the particular aspects of your airport.

5. Set the rates and charges. The airport operator or owner may need to get approval from the city council or county board before putting rates and charges information in writing. Informational meetings are also helpful for letting airport users know what is planned. Once the rates and charges are set, the leases and operating agreements should be updated using the guidelines developed for your airport’s policy handbook.

### Adjusting rates

Once rates and charges are set, they should not remain set at the specified level indefinitely. Rather, regular adjustments should be made throughout the term of the lease—about once every three to five years, whenever an option is exercised, or whenever the lease term is extended.

There are several ways to adjust rates and charges once the base rates have been set:

- Negotiate with the lessee
- Determine a fixed amount or percentage that the rates will be adjusted to
- For increases, use an index such as the Consumer Price Index, Producer Price Index, or Airport Economic Index
- Conduct another market study as described previously
- Conduct a property appraisal
- Use a combination of alternatives to adjust rates and charges

Regularly adjusting rates is important in that it can help the airport compensate for changes that happen in the industry and the economy as the airport grows and changes.

### Resources


- FAA Advisory Circular 150/5190-5, found at www2.faa.gov/arp/ACs/5190-5a1.pdf.


---

AirTAP was developed through the joint efforts of the Minnesota Department of Transportation (Mn/DOT), the Minnesota Council of Airports (MCOA), and the Center for Transportation Studies (CTS).

Briefings is published as a quarterly insert of the MCOA Newsletter. Please direct comments to:

Amy Friebie, Briefings Editor
Cheri Marti, AirTAP Program Director
Jim Grothaus, AirTAP Engineer
Center for Transportation Studies
University of Minnesota
200 Transportation & Safety Bldg.
511 Washington Avenue S.E.
Minneapolis, MN 55455

Phone: 612-626-1077
Fax: 612-625-6381
E-mail: cmarti@cts.umn.edu or jgrothaus@cts.umn.edu

The University of Minnesota is an equal opportunity educator and employer. This publication is available in alternative formats upon request. Printed on recycled paper with 15% postconsumer waste.