

PALOMAR AIRPORT ADVISORY COMMITTEE
 Thursday, August 16, 2012
 AGENDA ITEM #8

USER FEE CUSTOMS SERVICE
 EXTENSION OF TRIAL PERIOD AND INCREASE IN USER FEES

HISTORY

User Fee Customs Service is a program of US Customs and Border Protection that allows sponsor airports to establish customs service by paying all associated costs and collecting fees from customs users to recover the costs for the service. In December 2006, the County of San Diego, Jet Source, Magellan Aviation, Premier Jet, and Western Flight executed a Memorandum of Understanding (“MOU”) for the establishment of user fee based customs service (“UFCS”) at McClellan-Palomar Airport.

In November 2011, PAAC was provided with an update on UFCS and the need to make the program cost neutral. In January 2012, County met with the FBOs to brief on potential changes to UFCS and the need to update the MOU to extend the trial period. In February 2012, County held a stakeholders meeting to explain the need to increase fees. Stakeholders attending the meeting understood the need to revise the customs fees and were overall accepting of proposed changes, which were similar to what is being presented today. Some stakeholder and FBO suggestions have been incorporated into this final version being proposed today.

UFCS COST RECOVERY

UFCS is currently at approximately 56% cost recovery. To reach full cost recovery beginning in 2013, staff proposes a 3-year extension to the trial period and a substantial increase in user fees. These increases are acceptable to both operators and users of UFCS, in order to keep the service at the airport.

	Pre-Op Estimate	2010-11	CY 2012 Projected with COLA	Projected CY 2013 w/ New Fees
Expenses	\$356,500	\$306,494	\$312,692	\$320,000
Revenues	\$360,000	\$162,100	\$174,012	\$326,950
Difference	\$3,500	(\$152,494)	(\$138,612)	\$6,950
Percent of Cost	101%	52.90%	55.60%	102%
Annual Usage	1,200	296	319	340

PROPOSAL TO CONTINUE OPERATION OF UFCS

In order to keep UFCS operating at the Airport, the County Schedule of Rates and Charges must be updated and the MOU must be amended. Both actions require approval of the County Board of Supervisors.

The County Schedule of Rates and Charges would be updated to increase from the Current User Fees to the Proposed User Fees (each shown below):

Current User Fees

Aircraft Category	Regular	Overtime
Single and Light Twin < 12,500 lbs	\$55	\$110
Heavy Twin and Turbo Prop > 12,500 lbs	\$277	\$554
Light Jets under 35,000 lbs	\$388	\$776
Heavy Jets Over 35,000 lbs	\$498	\$996
Large Jets - RJ/GV/Globals	\$609	\$1,218

Proposed User Fees

Aircraft Weight/Category	Regular	Overtime
Up to 7,500 lbs	\$75	\$150
7,501 lbs to 14,000 lbs	\$300	\$600
14,001 lbs to 20,000 lbs	\$400	\$800
20,001 lbs to 27,500 lbs	\$500	\$1,000
27,501 lbs to 35,000 lbs	\$625	\$1,250
35,001 lbs to 75,000 lbs	\$750	\$1,500
Over 75,000 lbs	\$1,500	\$3,000
Any Aircraft with Capacity for 15 Passengers or More	\$2,000	\$4,000

The MOU would be amended to allow for an additional 3-year trial period to achieve full cost recovery. It will allow termination at any time in the future, at County's determination.

RECOMMENDED MOTION

“Palomar Airport Advisory Committee recommends that the Board of Supervisors approve the Revised County Schedule of Rates and Charges for County Airports to amend Section VIII, Customs User Fees, and approve the First Amendment to Memorandum of Understanding between the County of San Diego, Western Flight, Inc., Palomar Airport Center LLC, Jet Source, Inc., and SCIF Palomar, LLC.”