Appendix B

SURVEY OF CURRENT AIRPORT FINANCIAL MANAGEMENT PRACTICES

The data on the financial policies and practices of **60** large and medium airports used in this study were gathered in a survey conducted by CBO in the summer of 1983. These data are summarized in the following table, which lists the airports surveyed in rank order of passenger boardings (enplanements) in calendar year 1982. It gives each airport's size (in terms of passenger boardings), type of public operator, and financial management approach (see ch, **6).** It also undicates whether or not the airport has a use agreement containing a majority-in-interest clause, the terms and expiration dates of current use agreements (if any), and any recent, ongoing, or planned changes in financial management or related developments.

Table B-1.—CBO Survey Data on Financial Management Practices at 60 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
HARTSFIELD ATLANTA INTERNATIONAL (17,653,400), Run by city			
Residual cost, but terminal concession revenues shared by city and airlines	Yes (all capital projects involving increase in landing fee)	30 years (2010)	Basic landing fee will be renegotiated in 1991
CHICAGO-O'HARE INTERNATIONAL (17,428,127), Run by city			
Residual cost	Yes	35 years (2018)	Allocation of costs, majority-in-interest clause revised in new agreement; clause protecting right to levy passenger facility charge included
LOS ANGELES INTERNATIONAL (15,758,082), Run by semi-autonomous department of the city			
Residual cost	No, but airlines must approve debt financing exceeding $515 million limit in use agreements	30 years (1992); 40 years (United and American)	Terminal leases of five years or less where possible, except when airlines make extensive capital commitments (terminal modifications by United and American Airlines); shorter-term, more compensatory agreements anticipated after 1992

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Table B-1 .—CBO Survey Data on Financial Management Practices at 80 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
NEW YORK--JOHN F. KENNEDY INTERNATIONAL (12,490,411), Run by port authority			
Compensatory	None	25 years (2004)	JFK and LaGuardia are leased from New York City; city's share of these airports' net revenues will rise from 60 to 75 percent in 1985
DALLAS-FORT WORTH REGIONAL (12,401,626), Run by both cities			
Residual Cost	None	40 Vears (2014)	None reported
DENVER-STAPLETON INTERNATIONAL (1 1,608,458), Run by city/county			
Compensatory	None	28 years (1992)	May move to annual adjustment of fees and rental rates next year (currently adjusted biennially)
SAN FRANCISCO INTERNATIONAL (9,915,042), Run by city/county			
Residual cost	Yes, but can only defer for six months	30 years (201 1)	Current revenue may not be used to fund capital development over $2 million in any one year. City must exercise best efforts to issue revenue bonds to finance capital development
MIAMI INTERNATIONAL (9,256,017), Run by county			
Residual cost, but some properties excluded from revenue base in calculating residual cost	Yes (except $1 million Discretionary Fund and projects supported by revenues not counted in revenue base)	25 years (1987)	Month-to-month leasing of terminal space when leases expire or new space added. Last year, moved from three-year to annual rent adjustments
NEW YORK--LAGUARDIA (9,235,150), Run by port authority			
Compensatory	None	Being negotiated (25-year lease expired in 1980)	Airport seeking shorter-term (ten-year) lease. LaGuardia and JFK are leased from New York City; city's share of net revenues will rise from 60 percent to 75 percent in 1985

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Table B-1 .—CBO Survey Data on Financial Management Practices at 80 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority–in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	BOSTON LOGAN INTERNATIONAL (7,934,881), Run by port authority		
Compensatory	None	No use agreements	Short-term leases will be developed in an effort to maintain flexibility in terminal space allocations
	HONOLULU INTERNATIONAL (7,533,909), Run by state		
Residual cost	None	30 years (1992)	Last year, created minimum landing fee for airlines and raised inter-island carriers' fee; interest from bond proceeds now to be used for capital development rather than credited to airlines
	HOUSTON INTERCONTINENTAL (6,371,546), Run by city		
Compensatory	No	28 years (1997)	Much future capital development planned
	WASHINGTON NATIONAL (6,333,478), Run by federal government		
Compensatory, but FBO revenues credited to landing area	No	Ten years (1984)	None reported
	IAMBERT-ST. LOUIS INTERNATIONAL (5,962,71 8), Run by city		
Compensatory	Yes	40 years (2005)	Terminal rentals will be adjusted annually as leases expire (currently adjusted every two years)
	NEWARK (N. J.) (5,817,050), Run by port authority		
Compensatory	None	25 years (1998)	Moving to shorter-term building leases, as possible. City's share of net revenues will rise from 60 percent to 75 percent in 1986
	MINNEAPOLIS-ST. PAUL INTERNATIONAL (5,337,845), Run by airport authority		
Residual cost (airfield); terminal, compensatory	Yes, for airfield area only	27 years (1989)	None reported

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Table B-1.—CBO Survey Data on Financial Management Practices at 60 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	GREATER PITTSBURGH INTERNATIONAL (5,029,694), Run by county		
Residual cost	None	Two years (1983) + 1-year renewal option (1984)	Majority-in-interest clause deleted in new agreement; clause added protecting airport's right to levy passenger facility charge if law permits
	SEATTLE-TACOMA INTERNATIONAL (5,012,249), Run by port authority		
Residual cost; terminal, compensatory	Airport Affairs Committee reviews and approves capital projects	32 years (2001); month-to-month	Will offer month-to-month tenants five-year "rollover" leases (five years with three five-year renewal options)
	DETROIT METROPOLITAN WAYNE COUNTY (4,935,203), Run by county		
Residual cost	Yes (except for airport Discretionary Fund projects)	(2009)	None reported
	LAS VEGAS--MCCARRAN INTERNATIONAL (4,655,484), Run by county		
Compensatory	None	No use agreements (ordinance)	None reported
	PHILADELPHIA INTERNATIONAL (4,403,541), Run by city		
Residual cost	Yes (can disapprove any project with life of more than five years, costing over $100,000)	32 years (2006)	None reported
	PHOENIX SKY HARBOR INTERNATIONAL (4,007,579), Run by city		
Compensatory	None	No use agreements (ordinance)	Might move in future to some form of lease/use agreement to protect airporl in post-deregulatory environment

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Table B-1.—CBO Survey Data on Financial Management Practices at 80 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	TAMPA INTERNATIONAL (3,861,509), Run by airport authority		
Residual cost	Yes, but no clear direct veto power; excludes Discretionary Fund and all projects in Master Plan	30 years (1999)	None reported
	ORLANDO INTERNATIONAL (3,383,495), Run by airport authority		
Residual cost	Yes	28 years (2008)	Developing 1400-acre industrial park to maximize revenues
	NEW ORLEANS INTERNATIONAL (3,020,438), Run by city		
Residual cost	Yes (except small Discretionary Fund)	20 years (1992)	None reported
	CHARLOTTE-DOUGLAS INTERNATIONAL (2,860,092), Run by city		
Compensatory	Yes, airfield only (projects that will increase airline fees)	25 years (2004)	Revenues have increased since Charlotte became Piedmont's major hub
	SAN DIEGO INTERNATIONAL (2,818,374), Run by port authority		
Compensatory	None	15 years (1994); month-to-month (new entrants)	Term shortened for recent entrants
	SALT IAKE CITY INTERNATIONAL (2,703,003), Run by city (in process of forming airport authority)		
Compensatory	Yes (approve capital projects over $50,000; one signatory airline sufficient to approve)	25 years (2003)	Revenues have grown because of hub operations, but bond rating fell due to Western's financial problems and cost allocation dispute over terminal development project (now resolved)
	CLEVELAND HOPKINS INTERNATIONAL (2,656,252), Run by city		
Residual cost	Yes (except Discretionary Fund); can disapprove projects over $250,000 (1976 dollars), but city can override airlines after projects have been disapproved twice	30 years (2005)	None reported

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Table B-1.—CBO Survey Data on Financial Management Practices at 60 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
KANSAS CITY INTERNATIONAL (2,623,808), Run by city			
Compensatory	Yes, for airfield capital projects (except Discretionary Fund)	28 years (1998)	None reported
MEMPHIS INTERNATIONAL (2,290,930), Run by airport authority			
Residual cost	Yes, all projects over $5,000 (except Discretionary Fund)	30 or more years (1999)	Growth of Federal Express has helped offset loss in commercial air carrier landed weights; landing fees and rentals reduced recently
BALTIMORE-WASHINGTON INTERNATIONAL (2,269,164), Run by state			
Compensatory (modified; space rentals set too low to recover costs)	Yes (projects over $25,000)	15 years (1993) plus ten-year renewal (2003)	None reported
PORTLAND (ORE.) INTERNATIONAL (1,928,054), Run by port authority			
Residual cost	Yes (except Discretionary Fund)	20 years (1991)	None repofied
SAN ANTONIO INTERNATIONAL (1,776,650), Run by city			
Compensatory	None	Eight years (1984)	New agreement being negotiated probably will be very similar to existing one
I(AHULUI (MAUI) (1,670,782), Run by state			
Residual cost	None	30 years (1992)	None reported
GREATER CINCINNATI INTERNATIONAL (1,663,686), Run by airport authority			
Residual cost	Yes (all projects over $50,000, except Discretionary Fund)	30 years (2002)	Concession revenues have increased since Cincinnati became a hub for Delta

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Table B-1.—CBO Survey Data on Financial Management Practices at 60 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	MILWAUKEE--GENERAL MITCHELL FIELD (1,61 1,100), Run by county		
Residual cost	Yes, but can only defer projects for 2 years (projects over $100,000, or several adding up to $200,000)	25 years (2010)	Went to long-term residual cost agreement to finance new terminal, to be completed in 1985
	PALM BEACH INTERNATIONAL (1,607,760), Run by county		
Residual cost	None	17 years (1984)	Airport seeks compensatory approach, much shorter term for new agreement. Major improvements to begin in 1985
	SAN JOSE MUNICIPAL (1,520,519), Run by city		
Residual cost	None	30 years (2009); three to five years (new entrants)	Moving to shorter-term agreements for recent entrants and adjusting terminal rental rates upwards, as possible
	INDIANAPOLIS INTERNATIONAL (1,383,01 1), Run by airport authority		
Compensatory	None	One to five years (ordinance); some carriers operating without agreement	Ratemaking subject to challenge in litigation pending in U.S. Circuit Court of Appeals, Seventh Circuit
	PORT COLUMBUS INTERNATIONAL (1,315,612), Run by city		
Residual cost (airfield); terminal--concession revenues go to airport	Yes, airfield only (projects over $25,000)	25 years (2000)	None reported
	OKLAHOMA CITY--WILL ROGERS WORLD (1,302,459), Run by city		
Compensatory (modified; airlines do not contri - bute to most capital development)	None	30 years (1997); one to five years (new entrants)	Rates negotiated by supplemental agreements every five years. New entrants are offered one-year agreements until expiration of five-year cycle

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Table Bo1.—CBO Survey Data on Financial Management Practices at 80 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	RENO CANNON INTERNATIONAL (1,281,393), Run by airport authority		
Residual cost	Yes, but airport can override after two deferrals	17 years (1996)	Short-term lease and use agreement now available
	TULSA INTERNATIONAL (1,274,199), Run by airport authority		
Residual cost	Yes (projects over $400,000; except Discretionary Fund)	30 years (2008)	None reported
	ALBUQUERQUE INTERNATIONAL (1,269,279), Run by city		
Compensatory	None	Renegotiating; last agreement two to five years (1981)	New agreement will resemble previous one
	WINDSOR LOCKS (CT.) --BRADLEY INTERNATIONAL (1,232,669), Run by state		
Compensatory	Yes (airfield projects over $250,000, terminal projects over $75,000)	30 years (201 1)	None reported
	SACRAMENTO METROPOLITAN (1,227,096), Run by county		
Residual cost	Yes, but can only defer projects for two years (projects over $100,000; except Discretionary Fund)	Five years (1986)	Term, rate-setting practices, and majority-in-interest clause altered in new agreement
	Washington, D. C.--DULLES INTERNATIONAL (1,207,343), Run by federal government		
Compensatory (but FBO revenues credited to landing area)	None	10 years (1984)	None reported

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Table B.1.-CBO Survey Data on Financial Management Practices at 80 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
	NORFOLK INTERNATIONAL (1,1 96,286), Run by port authority		
Residual cost	Yes, can request cost justification, and arbitration if not satisfied, for any item in capital budget	25 years (1999)	None reported
	NASHVILLE METROPOLITAN (1,1 53,019), Run by airport authority		
Residual cost	Yes (projects over $20,000)	30 years (2005)	None reported
	AUSTIN--MUELLER MUNICIPAL (1,1 15,992) Run by City		
Compensatory	Not formal, but implied in lease for projects for which airline rates amortize airport costs	Five years (1988)	Term shortened and ratemaking approach changed in new agreement (effective 1 March 1983)
	JACKSONVILLE INTERNATIONAL (1,008,891), Run by port authority		
Compensatory (modified)	None	20 years (1990)	None reported
	LIHUE (KAUAI) (995,512), Run by state		
Residual cost	None	30 years (1992)	None reported
	EL PASO INTERNATIONAL (994,102), Run by city		
Residual cost	None	Renegotiating; last agreement 20 years (1982)	None reported
	ONTARIO (CAL) INTERNATIONAL (989,024), Run by semi-autonomous department of the city of Los Angeles		
Residual cost	None	Five years (1985)	Landing fees same as Los Angeles International; *only* Southern California airport with capacity to expand

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Table B-1.—CBO Survey Data on Financial Management Practices at 60 Large and Medium Commercial Airports, 1983 (Numbers of enplanements in 1982 in parentheses) (continued)

Financial Management Approach	Majority-in-Interest Clause	Term and Expiration Date of Use Agreement	Recent or Planned Changes
RALEIGH-DURHAM (941,005), Run by airport authority			
Compensatory	None	No use agreements	None reported
LOUISVILLE--STANDIFORD FIELD (922,009), Run by airport authority			
By negotiation (noncompensatory, but not residual cost)	None	Renegotiating; last agreement 30 or more years (1983)	Airport seeks shorter term, fully compensatory terminal, residual cost airfield in new agreement
TUCSON INTERNATIONAL (900,547), Run by airport authority			
Residual cost	Yes, projects over $35,000 (except Special Reserve Fund) and next year's budget	30 years (2006)	$60 million terminal expansion project under way, to be completed in April 1985
OMAHA--EPPLEY AIRFIELD (848,257), Run by airport authority			
Compensatory	No	Year-to-year (1984)	Major terminal expansion project will begin in 1984
COX DAYTON INTERNATIONAL (806,464), Run by city			
Residual cost	Yes, projects over $10,000 (except Discretionary Fund)	23 years (1996)	Traffic has increased significantly since Dayton became hub for Piedmont. Terminal apron overlay project to begin in 1984; possible terminal expansion in 1985

SOURCE: Congressional Budget Office