

Sea-Tac International Airport Landing Fee Data Collection Project

Port of Seattle Commission

Audit Committee

January 11, 2011

Background

2010

Airline
Self-Reported
Activity =
Honor System

- Landing Fees
\$64,960,000
- International Facilities Use (FIS)
\$4,270,000
- Common Gate Revenues
\$15,000,000
- Common Baggage Sys Use
\$1,800,000
- Common Use Ticket Counters
\$ 360,000
- TOTAL
\$86,390,000

History of Inaccuracy/Inequity

- Audit Rationale/Past Examples
 - Airline X Under-Reported FIS
Use: \$3 M
 - Airline Y Under-Reported FIS
Use: \$1.2M
 - Airline Z Over-Reported Gate
Use: \$712K
- Proactive identification of issues and request for airline activity audits by Aviation Operations.

Omission *not* Commission

- **No loss of revenues to the Port** due to residual nature of airline rates and charges mechanism.
- Relatively small variances in overall perspective.
- However, no objective measure to validate reporting vulnerabilities.
- 2010 POS Commission Audit Committee Area of Focus
- 2010 Airline Airport Affairs Committee Approval for Landing Fee Review of all Carriers

Landing Fee Data Collection

- Consultant Selected via CPO Process
- Scope of Work
 - ▶ Analysis of two years of flight data for 2008 and 2009
 - ▶ Review landings, aircraft weights, fees paid for all scheduled Signatory, Non-Signatory, Cargo, Charter Airlines.

Results presented to AAAC December 9, 2010:

- Numerous examples of airline over and under-reporting.
- Inconsistent reporting of non-revenue flights and subsequent question as to intent of Signatory Lease and Operating Agreement (SLOA).
 - ACI Survey shows 58% charge, 42% do not charge for non-revenue flight activity.

Recommendations

- Acknowledge but not reconcile
- Airlines to report all Non-Revenue Landings effective April 2011 OR
- Airlines may amend existing agreement to waive non-revenue flights with associated consideration given to POS.
- Collection of LFs for Non-Revenue Landings per SLOA paragraph 8.2.3.
- Clarification of Non-Revenue Landing Definition
- Revised Monthly Reports and Invoices (Split Out)

Recommendations

- Proceed with Automated Airline Activity Management System CIP.
 - Allows independent airline system reports and inquiries
 - Reduces manual transfer of data (human error)
 - Improves airline cost equity
 - Replaces aging Data Systems (Microsoft Access '95)
 - Decreases need for future audits
 - Assists in managing Airport assets and resources
 - Integrates with future technology projects

Recommendations

- Collaborate with airlines in addressing other *Honor System* areas of concern through annual audits or through automation:
 - International Facilities (FIS)
 - Remain Over Night Parking
 - Common Gate Parking
 - Common Ticket Counters
 - Baggage Systems