



Aeronautical Rates & Charges Review - Yellowknife Airport

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The Lindbergh Group Inc.

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2017 Aeronautical Landing and General Terminal Fee Schedule (Option B) 1

1. INTRODUCTION

1.1. Objective

The objective of the Aeronautical Rates & Charges Review (the “Rate Review”) was to provide a market comparison of the current aeronautical rates and charges at the Yellowknife Airport (YZF) with other selected comparable Canadian airports. Based on those comparisons to then develop an updated rates and charges schedule to meet the Yellowknife Airport’s operating and capital needs.

1.2. Scope

The specific scope of the rate review includes:

- Providing a general overview of revenue generating sources at airports;
- Providing an overview of rate setting methodologies employed by airports;
- Benchmarking the Yellowknife Airport’s domestic aeronautical rates and charges against other comparably sized Canadian airports (by traffic);
- Reviewing new airport fee categories that may be available but not yet implemented at the Yellowknife Airport; and
- Recommending a rate structure to be considered for implementation in 2017.

1.3. Approach and Methodology

General

Benchmarking is commonly described as the process of identifying, understanding and adopting industry best practices to help an organization improve its performance. Benchmarking is a highly respected practice in the airport industry as it looks outward to find best practices and high performance, and then helps airports determine where they stand in relation to other airports to facilitate future business planning. It is key to discussions with airlines concerning annual rate setting.

The overriding aim of the Rate Review is to provide information to help the airport operate along business lines, be price competitive, expand its revenue base and be financially sustainable.

Publicly available information was the primary source of information used in the course of this study.

Benchmark Airports

Airports generally set fees that are comparable and competitive to airports of similar size within their trade areas.

The comparable Canadian airports used in this Review were primarily chosen based on traffic volumes (both movements and passengers) that bracketed YZF's 2015 figures (approximately 50,000 movements and 550,000 enplaned/deplaned passengers). These comparables also covered a number of secondary factors which included providing a geographical cross-section (north-south, east-west), airports serving both smaller and larger regional centres, airports in locations with resource based economies, airports primarily with domestic traffic, and airports with commercial traffic typically provided on Dash-8 and B737 type aircraft.

Table 1. Benchmark Airports – 2015 Traffic

Airport (Ordered by Increasing Number of Movements)	2015 Total Aircraft Movements¹	2015 E/D Passengers²
Charlottetown, PE (YYG)	14,299	316,628
Deer Lake, NL (YDF)	18,873	341,072
Nanaimo, BC (YCD)	32,648	312,117
Comox, BC (YQQ)	40,000 (Est) ³	315,530
Prince George, BC (YXS)	41,986	470,849
Yellowknife, NT (YZF)	49,484	538,842
London, ON (YXU)	55,767	482,000
Fort McMurray, AB (YMM)	62,873	1,099,663
Moncton, NB (YQM)	81,056	644,275
Thunder Bay, ON (YQT)	94,485	772,519

¹ Source: Statistics Canada CANSIM tables 401-0008 and 401-0015

² Source: Airport Annual Reports or Websites

³ Traffic movement data for Comox not published

Figure 1. Benchmark Airports – 2015 Total Aircraft Movements

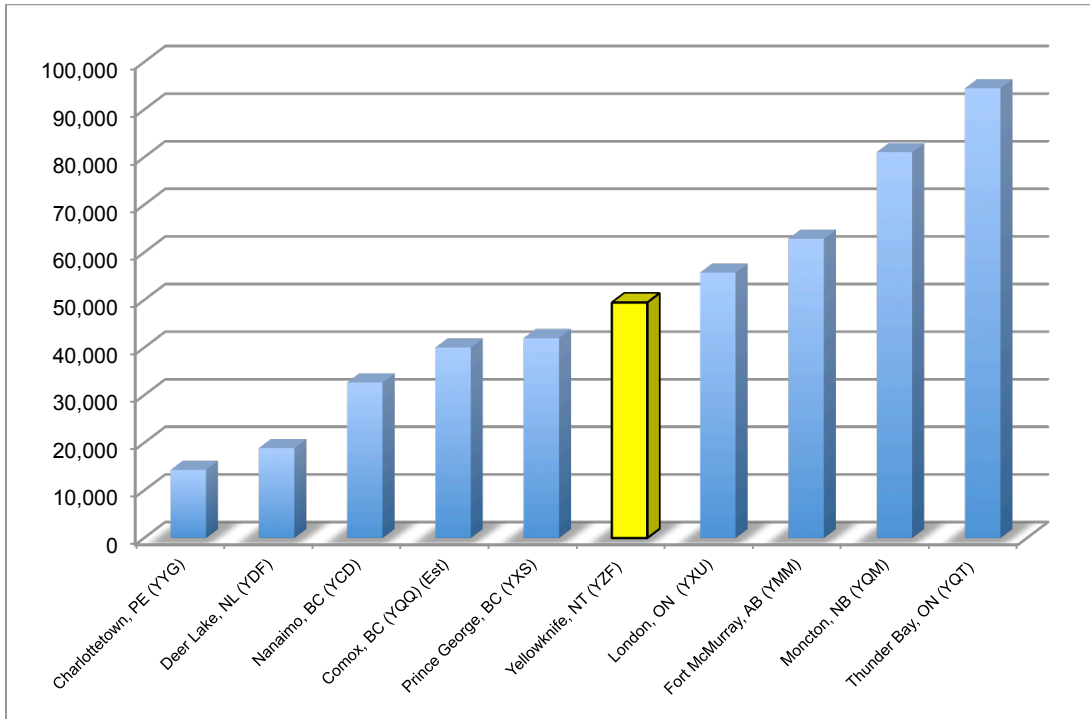
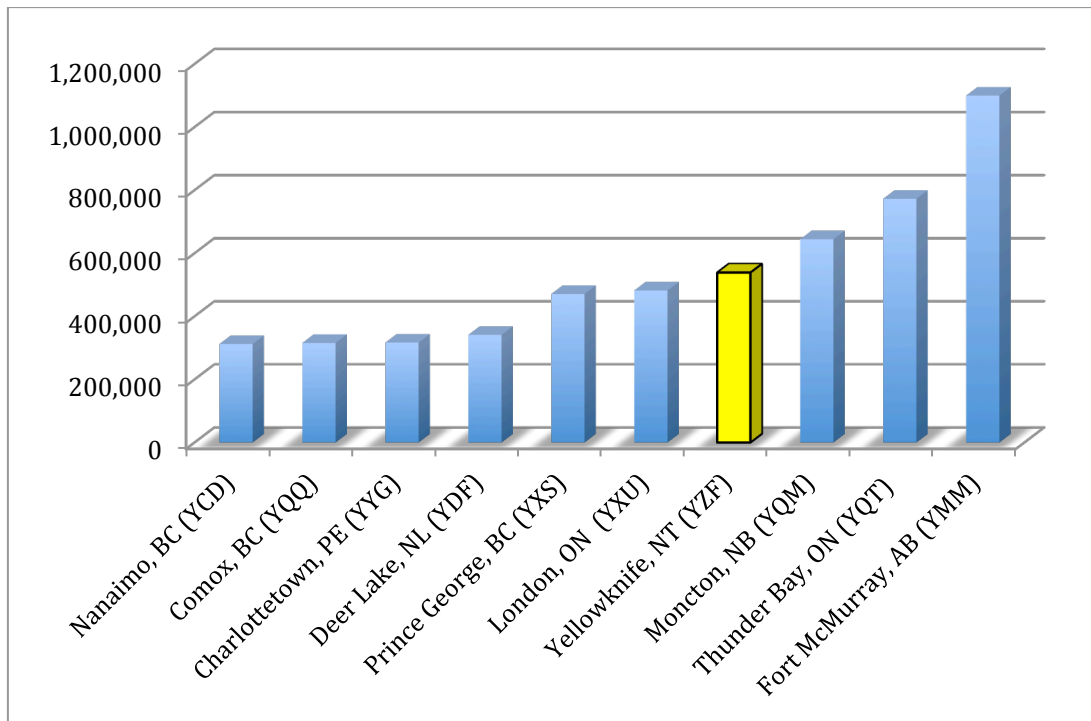


Figure 2. Benchmark Airports – 2015 E/D Passenger Traffic



Aircraft

Where comparisons are made using aircraft types, the following benchmark inputs were used:

Table 2. Benchmark Aircraft Types

Aircraft Type	Number of Passenger Seats	Maximum Take-off Weight (MTOW)
Dash 8 - 200	37	16,470 kg (36,300 lbs)
ATR-42-500/600	46	18,600 kg (41,000 lbs)
Bombardier Q400	78	29,260 kg (54,500 lbs)
CRJ 200	50	24,041 kg (53,000 lbs)
E-175	78	37,500 kg (82,700 lbs)
CRJ 705	75	34,019 kg (75,000 lbs)
B737-300	128 (2-class)	62,820 kg (138,500 lbs)
B737-800	160 (2-class)	79,010 kg (174,200 lbs)

2. REVENUE GENERATION

2.1. Overview

Airport revenue is income received by the airport and derived from business activities conducted at the airport. Revenues are generally used to cover the cost of airport operations, maintenance and capital improvement expenditures. Generating sufficient revenues from different revenue streams is also critical to support airport sustainability and growth.

Airport revenues are earned through a variety of activities by tenants and other service providers including but not limited to:

- Air carriers (scheduled and charter) and airline servicing companies (ground handlers) who are direct customers of many airport services;
- General aviation providers such as flight training schools, corporate, private and public service operators, and flying clubs;
- Aircraft and aviation services including fixed based operators, aircraft assembly, maintenance and repair organizations, aircraft sales and rentals, education and training organizations, including aviation mechanics, and fire and rescue training;
- Airport terminal services and concessionaires such as food, beverage, retail and duty free shops;
- Ground transportation including car rental companies, taxi licenses, vehicle parking, and buses;
- Logistics, cargo and freight forwarding operators;
- Other non-aviation industrial and commercial tenants;
- Government agencies such as Security, Immigration and Customs;
- Agricultural activities such as farming; and
- Recreational use of airport land such as golf courses.

Passengers are indirect consumers of airport services as they generally pay for services directly to the air carrier or concessionaire. In some cases, airports collect facility improvement fees themselves, but it is most common to have the airlines collect this as part of the ticket sale and to remit it to the airport for an administrative fee.

Airport revenues are driven by a number of factors including:

- The local, regional and national economic environments;
- The airport governance and management model and strategic plan;
- Aircraft and passenger traffic;

- Various contracts and agreements with service providers such as airlines;
- Legislative and regulatory frameworks;
- Number and diversity of concessions; and
- Numbers and types of tenants and service providers with operations at the airport.

Within their unique operating environment, airports should attempt to operate in a business like fashion to the greatest extent possible. To achieve this goal, airport management should have the following tools in place to optimize the planning and implementation of a revenue generation program:

- Guiding policies defining whether the fees are to recover operating, maintenance and capital cost only or include a profit margin;
- Standards for rate calculations defining what components are included and the formula used;
- Standard contract documentation to define landlord and Tenant responsibilities; and
- Records of financial information for cost/revenue analysis.

2.2. Airport Revenue Distribution

Revenues are typically categorized as “aeronautical” or “non-aeronautical”:

- **Aeronautical Revenues** are directly associated with aircraft operations and passenger processing on the airfield and in the terminal. Airports charge various fees to recover operating and capital costs from the airlines, passengers and other users. The fees generally cover charges that are levied for the use of airside facilities and passenger processing and facilitation areas at the airport. Aeronautical revenues can be levied on a per aircraft basis, including the operating weight and number of seats, and/or on a per passenger basis. To simplify passenger processing at an airport, airport improvement fees are generally included in the price of the airline ticket and then remitted to the airport by the airline.
- **Non-Aeronautical Revenues** are derived from commercial activities that are not directly related to the operation of aircraft. The major sources of non-aeronautical revenues varies with the size of the airport and the make-up of its traffic but could include income associated with food and beverage sales, retail and duty free concessions, car parking, advertising and property income including land and space leases. Non-aeronautical revenues are a vital component in the economics of airports as the diversification in revenue sources helps cushion the impact of lower passenger traffic and air cargo volumes during times of economic downturn.

Most airports attempt to maximize non-aeronautical revenue to reduce their reliance on aeronautical revenues. In general terms, the more aircraft and passenger traffic an airport has, the larger the percentage of total revenue that can come from non-aeronautical sources. High traffic volumes have been shown to support a greater diversity and choice in terminal concessions, leading to higher sales. Many larger airports with high traffic have also developed greater opportunities for aircraft overhaul and cargo operations, increasing land rents.

Aeronautical Revenues

The primary aeronautical fees that are applied to both based and non-based tenants who are aircraft operators include:

- **Landing Fees**

Landing fees are a large source of aeronautical revenue and are charged to the aircraft operator for the use of the airfield. Landing fees are typically charged based on the aircraft's Maximum Take-off Weight (MTOW). The fee is based on a per-tonne (1,000 kg) basis and may vary between domestic and international flights. Many airports also charge more per tonne for wide-body aircraft than for commuter aircraft.

- **Terminal Fees**

Terminal fees are typically charged based on the seat capacity of each aircraft. The fee is paid by the air carrier for the use of the terminal building for the processing of passengers and their luggage.

- **Aircraft Parking Fees**

Aircraft parking fees are typically charged based on the time spent on the apron. Often there is a grace period of several hours, depending on the congestion at the airport. Other methods of charging include aircraft size (or weight) or a flat fee by number and engine type.

- **Passenger Loading Bridge Fees**

Passenger loading-bridge fees are paid by the air carrier on a per aircraft use basis, often with a premium for overnight parking at the bridge.

- **Fuel Surcharges**

Fuel surcharges are typically applied on a per-litre of fuel sold basis and paid to the airport by the aircraft operator or the fuel concessionaire, depending on who operates the fuel service.

Other aeronautical fees can include (but are not limited to):

- Tie-down fees;
- Call-out charges;
- Air navigation fees (in Canada, these are charged directly to the carrier by NAV Canada);
- Airport noise fees;
- Security fees;
- Flight and Baggage Information Displays (FIDS/BIDS), baggage system recovery charges, common-use equipment recovery charges; and
- Ground handling charges.

Airport Improvement Fee

In North America many airports also charge an Airport Improvement Fee (AIF) dedicated to fund major capital infrastructure projects. A similar passenger levied fee, the Passenger Facility Fee (PFF), is used to support operational expenses as well as fund capital investments; the PFF is primarily used at smaller airports that are not self-sustaining on an operational basis. The AIF/PFF is sometimes included as an aeronautical revenue source, if not listed separately.

The AIF as a concept dates back over 20 years and has been a funding source for capital improvements since the early days of airport devolution in Canada. However, the method of collection has changed significantly: originally (at Vancouver International) the passenger would have to pay at the airport after checking in and before going through security. At most Canadian airports it is now collected by the airlines at the time of booking and remitted to the airport after the flight is taken. The airlines keep a negotiated percentage for their administration of the scheme.

The application of the AIF/PFF has evolved over time and is now applied in a number of ways that reflect the operation of individual airports. Some airports have elected to charge a differential fee based on the passenger's destination: for instance, Vancouver, Regina and Saskatoon all charge "intra-provincial" passengers a \$5 AIF, while their "regular" AIF is \$20 in each case. Fort McMurray does something similar – charging a reduced AIF for passengers to Fort Chipewyan. Some airports – Calgary, Edmonton, Fort McMurray and St. John's being examples – also charge an AIF for passengers using the FBOs (particularly targeting commercial flights to the oil sands that don't operate out of the air terminal building). Some airports choose not to charge for flights on airplanes with 10 seats or less.

Non-Aeronautical Revenues

Non-Aeronautical Revenues are derived from commercial activities that are not directly related to the operation of aircraft and can include sources such as:

- Land leases airside and groundside;
- Space (office) leases in the terminal building;
- Concession services including food, beverage, retail, massage and hairdressing/barber services, taxi/limo and car rental concessions;
- Banks and foreign exchange operations;
- Ground transportation (taxis, buses and shuttle services);
- Vehicle parking;
- Automobile fuelling stations;
- Education and training facilities;
- Hotels and motels;
- Conference and exhibition facilities;
- Shopping centres;
- Agricultural uses; and
- Indoor and outdoor advertising.

3. RATE SETTING

3.1. Rate Setting Considerations

Depending on the governance structure, airport operators are expected to generate revenues to achieve an operating surplus, create a capital reserve, realize a commercial profit, or limit losses to an acceptable level. The financial goals or mandate will depend on the airport's unique situation. In parallel, airport rates and charges should be set to attract and maintain business at a sustainable level.

This balance is often achieved through the free market via competition, demand and supply. In some countries government legislation and/or internal organizational policies provide a framework for setting rates and charges. In Canada, there is no aeronautical price regulation, although many airports have adopted the old Transport Canada model that was based on operating cost recovery and have simply inflated fees year after year.

An airport's pricing strategy should be part of its overall marketing strategy. Strategic pricing decisions define an airport's value image in the eyes of customers and competitors.

Key factors impacting aeronautical rates and charges include:

- Competitive Environment:
 - What are our competitors charging?
 - How important is pricing in our market with the types of airlines we serve and their destinations?
 - What is the likelihood and effect of new competitors entering the market?
 - When will new facilities, including ours or our competitors come into operation?
- Economic Environment:
 - What is the relative strength of the local, national and international economies?
 - Are economies growing or contracting?
- Government Regulation and Involvement:
 - Are there regulations in place controlling rates and charges?
- Airport Congestion:
 - What is the level of utilization of airport facilities and infrastructure?
 - Can the airport cope with more air service?

3.2. Aviation Industry Views on Rate Setting

There are various views on how to set aeronautical rates and charges:

- **International Civil Aviation Organisation (ICAO)** recommends that users should bear the full and fair share of airport costs including the cost of capital and depreciation of assets, as well as the cost of maintenance, operation, management and administration. ICAO also recommends that airports should not charge users for facilities and services they do not use and that they should allocate costs fairly and according to sound accounting principles⁴.
- **Airports Council International (ACI)** states that “the level of airport charges needs to be sufficient to cover the cost to operate the airport plus the long-term capital investment required to meet the current and anticipated demand. As commercial enterprises, airports have the right to determine their own economic and commercial policies taking into account national and local public policy and their financial independence”⁵.
- **International Air Transport Association (IATA)** endorses the ICAO principles with two conditions: airports should be economically regulated to avoid uncontrolled pricing freedom, and there should be a commitment to productivity improvement in return for increased prices.

Transparency in fees is a principle generally applied to the setting of rates and charges.

3.3. Rate Setting Methodologies

Aeronautical charges are normally *cost based*, while non-aeronautical or commercial charges are typically *market based*. Commercial fees are levied against a variety of businesses that provide services to airport users. These market based fees are typically determined by market appraisals or through public proposals and tenders.

There are various methods of setting prices, including:

- **Residual Cost / Single Till Pricing** – all revenues of the airport are directly considered in setting airport charges to the airlines. In this model, airlines collectively assume financial risk by agreeing to pay any costs of running the airport that are not allocated to other users or that are not covered by non-aeronautical sources of revenue. In exchange, the airport agrees to use all non-airline generated surplus revenues to reduce airline fees and charges. In return, airlines may retain veto power over proposed airport investments. This model is not advocated by ACI as including non-aeronautical revenues in the cost base for airport charges removes the

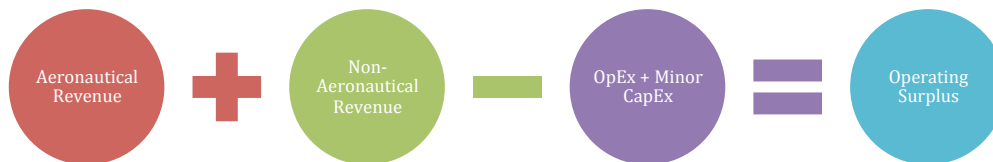
⁴ ICAO Doc 9082 Charges for Airports and Air Navigation Services, 9th Edition, 2012

⁵ ACI Policies and Recommended Practices Handbook, 7th Edition, 2009

incentive for airports to run commercial activities as it would simply result in lower airport income on the aeronautical side, without increasing overall revenue; an important revenue generation opportunity would be lost; and it provides an unjustified subsidy for the aeronautical activities that feed directly into a subsidy for the airlines flying to an airport. For these reasons this approach to revenue management is no longer generally favoured.

- **Compensatory / Dual Till Pricing** – splits the aeronautical and non-aeronautical business into distinct income and expenditure accounts. In this model, fees charged to airlines are set to recover actual costs of facilities used by the carriers and include a reasonable return on investment and may assume that space will be fully utilized. Profits from non-airline sources are retained by the airport and not used to subsidize or reduce costs to the airlines: in effect non-aeronautical revenues are kept separate from aeronautical revenues. In this case, the airport assumes the financial risk of operating the airport without the airlines' financial support or guarantee. In return, the airlines are not given control over the airport's capital investment decisions. This type of approach ensures that income from the aeronautical side of the business are used for aeronautical expenditures, leaving the non-aeronautical income to provide for non-aeronautical expenditures and some return on investment.
- **Hybrid Model** – the model typically used at Canadian airports is illustrated below:

Airport Operations & Maintenance



Major Airport Capital



- **Utility / Regulatory Pricing** – pricing according to a set of rules, regulations or principles, usually established by government where only certain costs are allowed in the determination of rates and charges.

- **Cost Based Pricing** – fully allocates the costs of services to individual users of those services where: accounting costs include interest and depreciation; fixed operating costs and joint costs are allocated to all users; and capital costs are allocated to all users. In this model, airports often establish cost centres such as airfield, terminal, landside, cargo, and maintenance, where rates are set to at minimum, recover associated costs. Similar to the Dual Till approach but on a more granular level.
- **Performance / Value Based Pricing** - rates and charges are based on the market value of the service and the willingness of users to pay and not the actual cost incurred in providing the service. This model allows airports to charge market rates for services and provides opportunities to maximize airport revenues however it raises the risk during times of economic downturn.
- **Congestion / Peak Demand Pricing** – surcharges are applied for the provision of infrastructure and services during peak periods with the intent to reduce congestion by discouraging airlines and service providers from scheduling services at times of peak load.

Overall, the most common methodology of calculating aeronautical rates and charges is to determine the costs to be recovered by adding together all allocable Operation and Maintenance Expenses, Depreciation Charges, Debt Service, and Expensed Capital Maintenance Project and Equipment and Capital Outlays. To calculate specific rates, the net costs are divided by the specific unit unique to each cost centre such as airline landing weight or square footage of leased space.

3.4. YZF Cost Inputs

GNWT conducted a preliminary analysis of the FY2016 YZF costs that is summarized in Table 3 below.

Table 3. YZF Cost Summary (FY2016)

	Airside	Groundside	Terminal	TOTAL
YZF Direct	\$4,879,643	\$95,618	\$1,327,180	\$6,302,441
HQ Salaries attributable to YZF Cost Centres	\$270,930	\$129,826	\$216,266	\$617,022
Amortization Expense	\$1,379,171	\$72,550	\$330,961	\$1,782,681
Other Services Received by YZF	\$346,800	\$341,598	\$341,598	\$1,029,996
TOTAL EXPENSES	\$6,876,544 70.7%	\$639,592 6.6%	\$2,216,005 22.8%	\$9,732,141 100%

The airside and terminal costs in FY2016 totalled \$9.1 million. In 2016, YZF collected \$2.6 million in landing and general terminal fees from the aviation and airline operators using YZF.

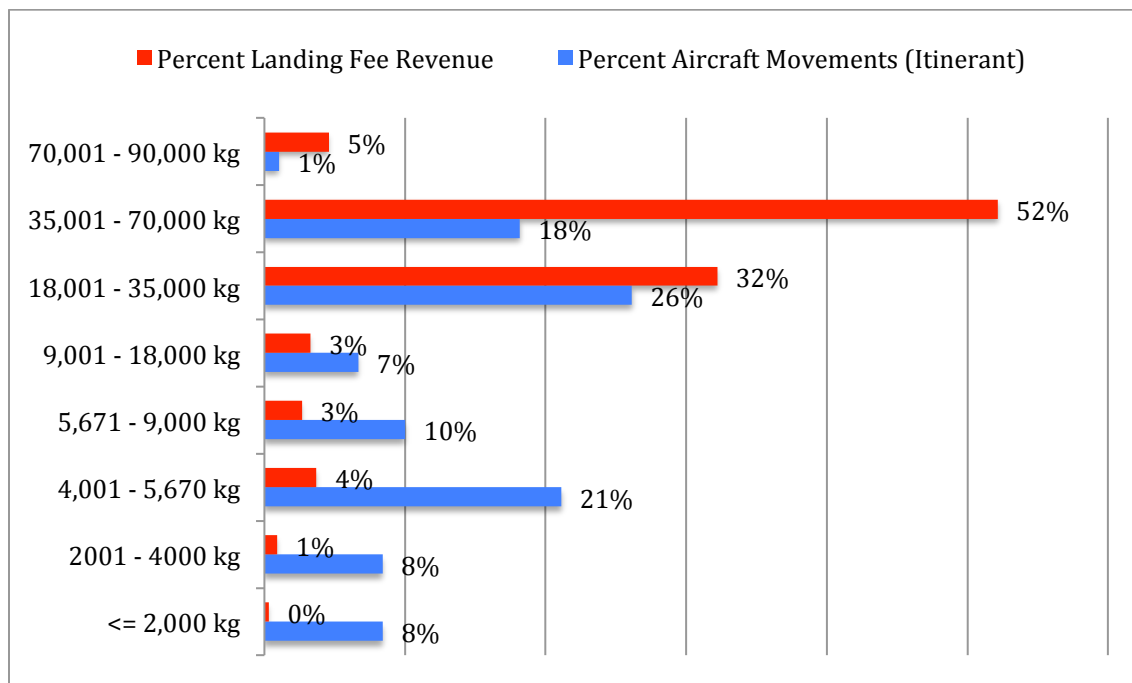
On that basis, **2016 aeronautical costs exceeded 2016 aeronautical revenues by a factor of three and a half.**

3.5. Landing Fees – Where Does Revenue Come From?

When setting aeronautical rates at a particular airport, it is important to understand where the majority of the revenue comes from as it is not necessarily tied to the largest segment of traffic based on aircraft movements.

Figure 3 below illustrates that while the majority (38%) of the traffic (as measured by aircraft movements) at YZF comes from small aircraft weighing less than 5,670 kg (King Air 200 or smaller), this aircraft size category generates only a small portion (approx. 5%) of the airport's landing fee revenue. Conversely, while larger aircraft weighing between 35,001 and 70,000 kg (e.g. CRJ-900, B737-400, B37-600) account for only 18% of the traffic, they generate a much larger percentage (approx. 52%) of the landing fee revenue.

Figure 3. 2015 Itinerant Aircraft Movements and Estimated Distribution of Landing Fee Revenue by Aircraft Weight Category



4. BENCHMARKING AERONAUTICAL FEES AND CHARGES

YZF's fees are set and published as part of the *Public Airports Act*, Public Airports Fees Regulations (last amended October 1, 2014 R-097-2014). This section benchmarks YZF's aeronautical fees and charges against the comparable Canadian airports highlighted earlier.

4.1. Landing Fees

YZF's current Landing Fees are shown below in Table 4. While not stated in the regulations, military and other government aircraft (e.g., water bombers) are not charged landing fees.

Table 4. YZF Landing Fees 2016

AIRCRAFT LANDING FEES (Schedule A, Part 1) * applies to turbine powered aircraft only			
Aircraft weight (MTOW)	Domestic	Aircraft weight (MTOW)	International
< 21,000 kg	\$1.73 per 1,000 kg	< 30,000 kg	\$5.44 per 1,000 kg
21,001 – 45,000 kg	\$2.22 per 1,000 kg	30,001 – 70,000 kg	\$6.89 per 1,000 kg
> 45,000 kg	\$2.61 per 1,000	> 70,000 kg	\$8.20 per 1,000 kg
	Minimum \$3.94		Minimum \$15.43

Table 5 presents a comparison of landing fees by typical weight categories as charged by the comparable airports⁶.

Table 5. Benchmark Domestic Landing Fees (By Weight Categories)

DOMESTIC LANDING FEES (per 1,000 kg MTOW)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife, NT (YZF)	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort McMurray, AB (YMM)	Average (excl. YZF)	Avg (excl. YZF) / YZF
Minimum	\$ 10.00	\$ 12.00	\$ 30.97		\$ 28.80	\$ 33.77	\$ 3.94	\$ 30.63	\$ 21.22	\$ 18.02	\$ 23.18	5.88
< 2,500 kg	\$ -										\$ 6.41	3.70
2,501 - 10,000 kg		\$ 4.92	\$ 8.84	\$ 5.53	\$ 9.60		\$ 1.73	\$ 8.74	\$ 6.07	\$ 5.95	\$ 6.74	3.90
10,001 - 21,000 kg	\$ 3.05					\$ 8.00					\$ 7.30	4.22
21,000 - 45,000 kg	\$ 4.50		\$ 11.13	\$ 6.95	\$ 12.17		\$ 2.22	\$ 11.01	\$ 8.48	\$ 8.50	\$ 8.56	3.86
45,001 - 80,000 kg	\$ 4.91	\$ 6.33	\$ 13.26	\$ 8.27	\$ 14.43		\$ 2.61	\$ 13.09	\$ 10.08	\$ 8.92	\$ 9.70	3.72

NOTES:

* Nanaimo's minimum of \$10 is for commercial aircraft. Also charge \$10 / landing for ultralights. Non-commercial tenants are exempt. Scheduled carriers pay a combined landing and terminal fee on a per passenger basis.

* Comox' fees payable to CFB Comox. Minimum daily rate for AC < 4,202 kg = \$12; for AC < 4,202 kg multiple landings = \$24

* Charlottetown's minimum for jet or turbo a/c is \$30.97. Piston a/c exempt. Training flights 80% discount / min. \$6.19

* Prince George charges landing fees to scheduled aircraft (> 10,000 kg) by AC seat capacity; all other (incl. sched < 10,000 kg) by weight. This table shows by AC weight

* London for jet or turboprop. Do not appear to have fees for piston aircraft

* Moncton has different fees for signatory carriers than for non-signatory carriers. For the purposes of this exercise, we have assumed signatory carriers.

* Thunder Bay minimum charge for Turboprop=\$21.22; jet = \$22.47. Does not appear to charge for piston. YQT's weight brackets don't quite match other airports> < 15,000; 15,001-45,000; > 45,000. Also have different rates for Turboprop & Jet. Shown in table is Turboprop

* Fort McMurray does not charge for piston and fixed wing AC based at airport; nor do they charge flight training schools, maintenance flights, medical emergency flights or search and rescue (arrangements for exemption must be made in advance).

The average landing fee by weight category (excl. YZF) is approximately 4 to 6 times that of YZF's while the overall "average" of the difference is 4 times.

⁶ Although the MTOW bands/ranges are different for some airports, Table 5 represents the most commonly used bands.

Table 6, and Figures 4 and 5 present a comparison of landing fees by aircraft type as charged by the comparable airports.

The average calculated landing fee by aircraft type (excl. YZF) is approximately 3.5 to 4 times that of YZF's depending on the aircraft. The overall "average" of the difference is 3.86.

Table 6. Landing Fee by Aircraft Type

LANDING FEE BY AIRCRAFT TYPE (domestic)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife, NT (YZF)	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort McMurray, AB (YMM)	Average (excl. YZF)	Average (excl. YZF) / YZF	AC Weight (kg)	PAX Seats
Dash 8-200	\$ 51.85	\$ 83.64	\$ 150.28	\$ 94.01	\$ 215.71	\$ 136.00	\$ 37.74	\$ 148.58	\$ 144.16	\$ 144.50	\$ 132.40	3.51	16,470	37
ATR-42-500/600	\$ 57.95	\$ 93.48	\$ 167.96	\$ 105.07	\$ 268.18	\$ 152.00	\$ 42.18	\$ 166.06	\$ 161.12	\$ 161.50	\$ 151.29	3.59	18,600	46
Q400	\$ 135.00	\$ 189.90	\$ 333.90	\$ 208.50	\$ 546.00	\$ 240.00	\$ 66.60	\$ 330.30	\$ 254.40	\$ 255.00	\$ 276.74	4.16	29,260	78
CRJ 200	\$ 112.50	\$ 158.25	\$ 278.25	\$ 173.75	\$ 291.50	\$ 200.00	\$ 53.28	\$ 275.25	\$ 266.50	\$ 212.50	\$ 217.02	4.07	24,041	50
CRJ 705	\$ 157.50	\$ 221.55	\$ 389.55	\$ 243.25	\$ 525.00	\$ 280.00	\$ 77.70	\$ 385.35	\$ 373.10	\$ 297.50	\$ 318.50	4.10	34,019	75
E-175	\$ 171.00	\$ 240.54	\$ 422.94	\$ 264.10	\$ 546.00	\$ 304.00	\$ 84.36	\$ 418.38	\$ 322.24	\$ 323.00	\$ 332.74	3.94	37,500	78
B737-300	\$ 309.33	\$ 398.79	\$ 835.38	\$ 521.01	\$ 896.00	\$ 504.00	\$ 164.43	\$ 824.67	\$ 671.58	\$ 561.96	\$ 616.42	3.75	62,820	128
B737-800	\$ 392.80	\$ 506.40	\$ 1,060.80	\$ 661.60	\$ 1,120.00	\$ 640.00	\$ 208.80	\$ 1,047.20	\$ 852.80	\$ 713.60	\$ 780.58	3.74	79,010	160

NOTES:

- * Nanaimo's fees are based on non-scheduled carriers as scheduled carriers pay a combined landing and terminal fee on a per passenger basis.
- * Thunder Bay charges different rates for turboprop and jet aircraft. These are reflected in this table.

Figure 4. Benchmark Domestic Landing Fees by Aircraft Type

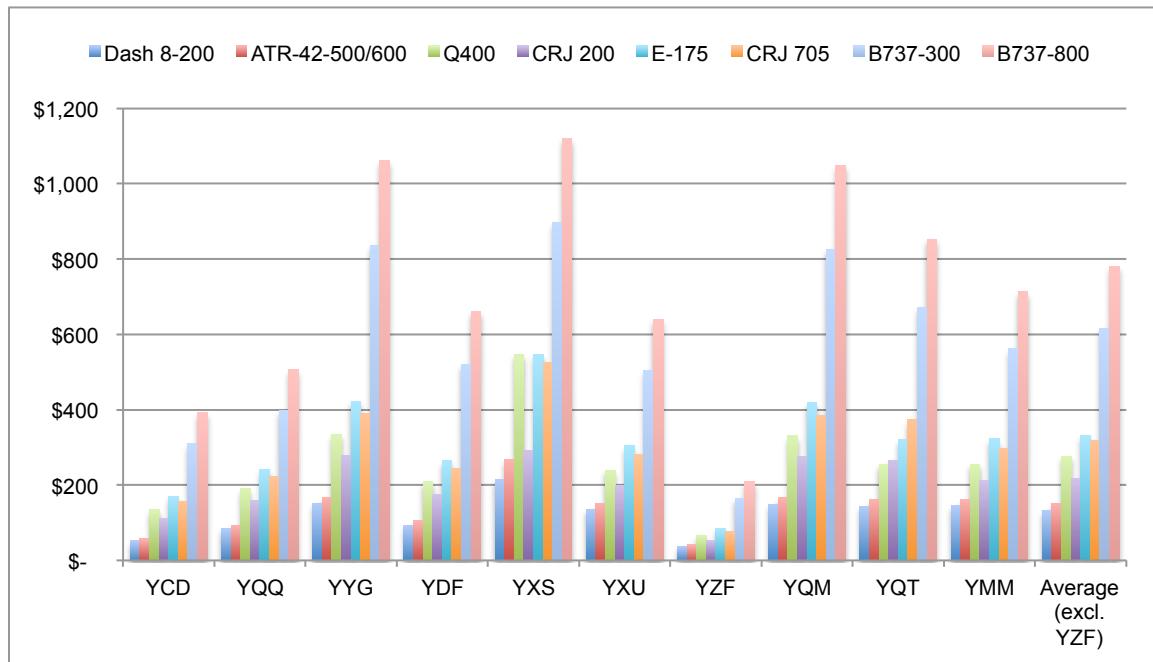
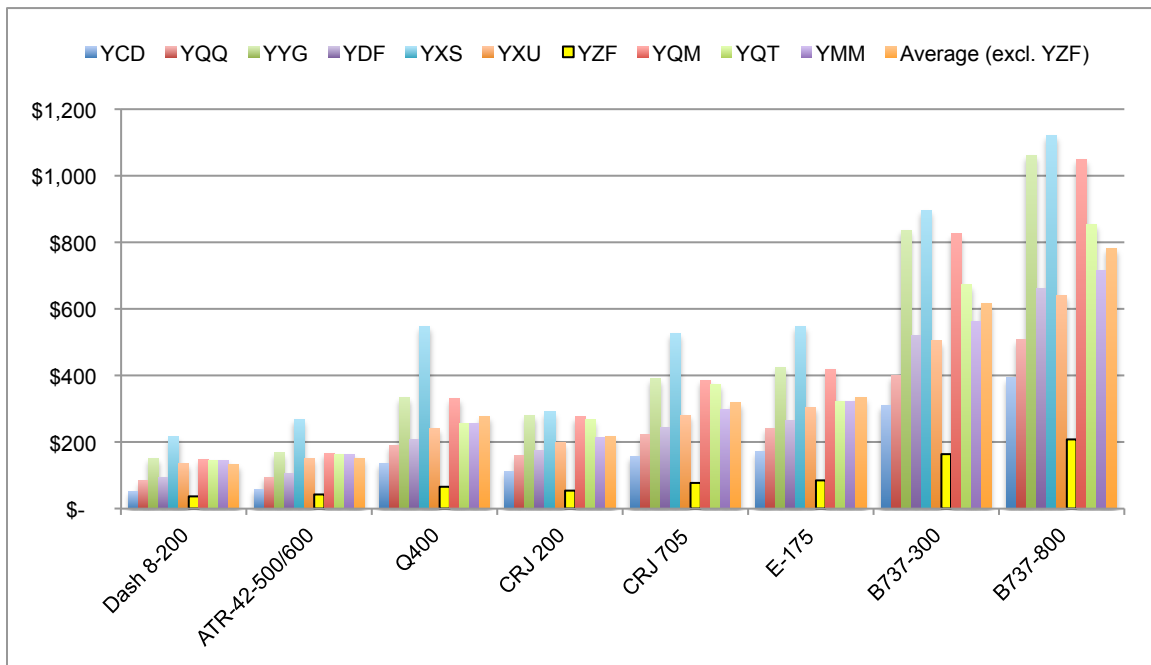


Figure 5. Benchmark Domestic Landing Fees by Aircraft Type



4.2. General Terminal Fees

YZF's current General Terminal Fees (GTF) are shown below in Table 7. While not stated in the regulations, it is understood that exemptions are sometimes provided to carriers who make applications based on special circumstances.

Table 7. YZF General Terminal Fees 2016

GENERAL TERMINAL FEES PER AIRCRAFT SEATING CAPACITY (Schedule C)	
Maximum Certificated Seating Capacity	Fee
≤ 5	No charge
6 – 9	\$15.00
10 – 15	\$34.00
16 – 25	\$50.00
26 – 45	\$92.00
46 – 60	\$140.00
61 – 89	\$220.00
90 +	\$290.00

Table 8 shows the various domestic general terminal fees at the comparable airports using the commonly used passenger seat range categories⁷.

The average general terminal fees among the benchmark airports (excl. YZF) range from 1.3 to 2.8 times that of YZF's, depending on the aircraft seating capacity.

Table 8. Benchmark General Terminal Fees By Aircraft Seating Capacity

DOMESTIC GENERAL TERMINAL FEES (aircraft seat capacity)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife, NT (YZF)	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort McMurray, AB (YMM)	Average (excl. YZF)	Average (excl. YZF) / YZF
0 - 5	\$ -			\$17.80 / AC		Min. \$135.07 / AC up to 29 pax seats	\$ -	\$19.47 / AC (3-9 seats)	\$17.11 / AC	\$18.91 / AC	\$ 25.80	
6 - 9			\$28.43 / AC				\$15.00 / AC				\$ 40.58	2.71
10 - 15			\$56.81 / AC	\$35.57 / AC			\$34.00 / AC	\$38.92 / AC	\$34.28 / AC	\$37.78 / AC	\$ 54.71	1.61
16 - 25			\$87.51 / AC	\$54.78 / AC			\$50.00 / AC	\$59.96 / AC	\$52.83 / AC	\$58.17 / AC	\$ 77.88	1.56
26 - 45			\$153.41 / AC	\$96.75 / AC		\$144.95 / AC (30-45 seats)	\$92.00 / AC	\$105.09 / AC	\$92.57 / AC (26-49 seats)	\$101.95 / AC	\$ 125.79	1.37
46 - 60	\$2.80 / seat	\$5 / enplaned and deplaned passenger	\$219.08 / AC	\$137.16 / AC	\$4.52 / seat	\$184.10 / AC (46 - 59 seats)	\$140.00 / AC	\$150.10 / AC	\$183.55 / AC (50-69 seats)	\$145.61 / AC	\$ 185.84	1.33
61 - 89			\$350.74 / AC	\$219.60 / AC		\$263.17 / AC (avg of 2 bands)	\$220.00 / AC	\$240.27 / AC	\$240.05 / AC (70-89 seats)	\$242.45 / AC	\$ 275.59	1.25
90 - 125			\$482.50 / AC	\$302.08 / AC		\$326.94 / AC (100-119 seats)	\$290.00 / AC	\$330.52 / AC	\$291.08 / AC	\$303.18 / AC	\$ 373.41	1.29
126 - 150			\$570.15 / AC	\$357.00 / AC		\$356.55 / AC (120-150 seats)	\$290.00 / AC	\$390.60 / AC	\$344.37 / AC	\$413.41 / AC	\$ 459.14	1.58
151 - 200			\$789.34 / AC	\$494.30 / AC		\$2.98 / seat	\$290.00 / AC	\$540.81 / AC	\$476.35 / AC	\$572.33	\$ 617.59	2.13

NOTES:

- * Nanaimo's fee schedule is limited to 0-6 seats, and 7+ seats for general service fees for non-scheduled carriers. Scheduled carriers pay a combined landing and terminal fee on a per passenger basis.
- * London's seat capacity rate bands are slightly different than the norm. Minimum \$135.07.
- * Moncton has different fees for signatory carriers than for non-signatory carriers. For the purposes of this exercise, we have assumed signatory carriers.
- * Thunder Bay - rate ranges slightly different than table - specifically 26-49; 50 - 69; 70-89

Table 9, and Figures 6 and 7 present a comparison of general terminal fees by aircraft type as charged by the comparable airports.

The average general terminal fee among benchmarked airports (excl. YZF) ranges between 1.1 – 2.0 times more than YZF's, depending on the aircraft. The overall "average" of the difference being 1.36.

Table 9. General Terminal Fee by Aircraft Type

GENERAL TERMINAL FEE BY AIRCRAFT TYPE (domestic)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife, NT (YZF)	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort McMurray, AB (YMM)	Average (excl. YZF)	Average (excl. YZF) / YZF
Dash 8-200	\$ 103.60	\$ 148.00	\$ 153.41	\$ 96.75	\$ 167.24	\$ 144.95	\$ 92.00	\$ 105.09	\$ 92.57	\$ 101.95	\$ 123.73	1.34
ATR-42-500/600	\$ 128.80	\$ 184.00	\$ 219.08	\$ 137.16	\$ 207.92	\$ 184.10	\$ 140.00	\$ 150.10	\$ 92.57	\$ 145.61	\$ 161.04	1.15
Q400	\$ 218.40	\$ 312.00	\$ 350.74	\$ 219.60	\$ 352.56	\$ 238.94	\$ 220.00	\$ 240.27	\$ 240.05	\$ 242.45	\$ 268.33	1.22
CRJ 200	\$ 140.00	\$ 200.00	\$ 219.08	\$ 137.16	\$ 226.00	\$ 184.10	\$ 140.00	\$ 150.10	\$ 183.55	\$ 145.61	\$ 176.18	1.26
CRJ 705	\$ 210.00	\$ 300.00	\$ 350.74	\$ 219.60	\$ 339.00	\$ 238.94	\$ 220.00	\$ 240.27	\$ 240.05	\$ 242.45	\$ 264.56	1.20
E-175	\$ 218.40	\$ 312.00	\$ 350.74	\$ 219.60	\$ 352.56	\$ 238.94	\$ 220.00	\$ 240.27	\$ 240.05	\$ 242.45	\$ 268.33	1.22
B737-300	\$ 358.40	\$ 512.00	\$ 570.15	\$ 357.00	\$ 578.56	\$ 356.55	\$ 290.00	\$ 390.60	\$ 344.37	\$ 413.41	\$ 431.23	1.49
B737-800	\$ 448.00	\$ 640.00	\$ 789.34	\$ 494.30	\$ 723.20	\$ 476.80	\$ 290.00	\$ 540.81	\$ 476.35	\$ 572.33	\$ 573.46	1.98

NOTES:

- * Comox's fees are on a per passenger basis; 80% load factor assumed.
- * Nanaimo's fees are based on non-scheduled carriers as scheduled carriers pay a combined landing and terminal fee on a per passenger basis.

⁷ Although the passenger seat bands/ranges are different for some airports, Table 8 represents the most commonly used bands.

Figure 6. Benchmark Domestic General Terminal Fees by Aircraft Type

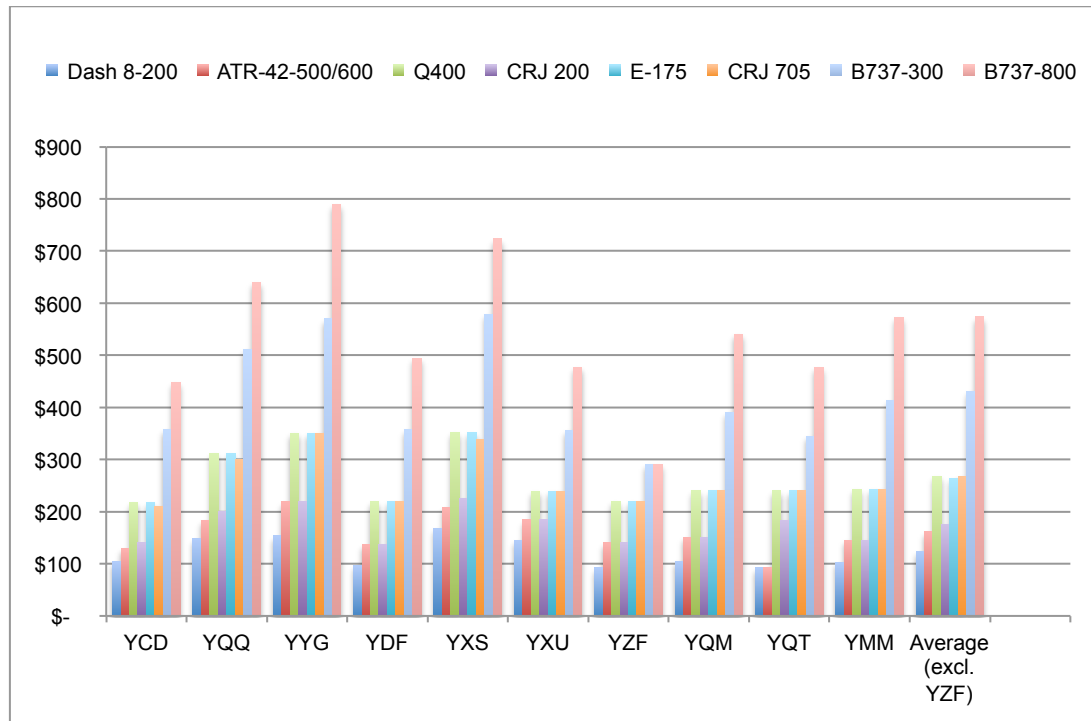
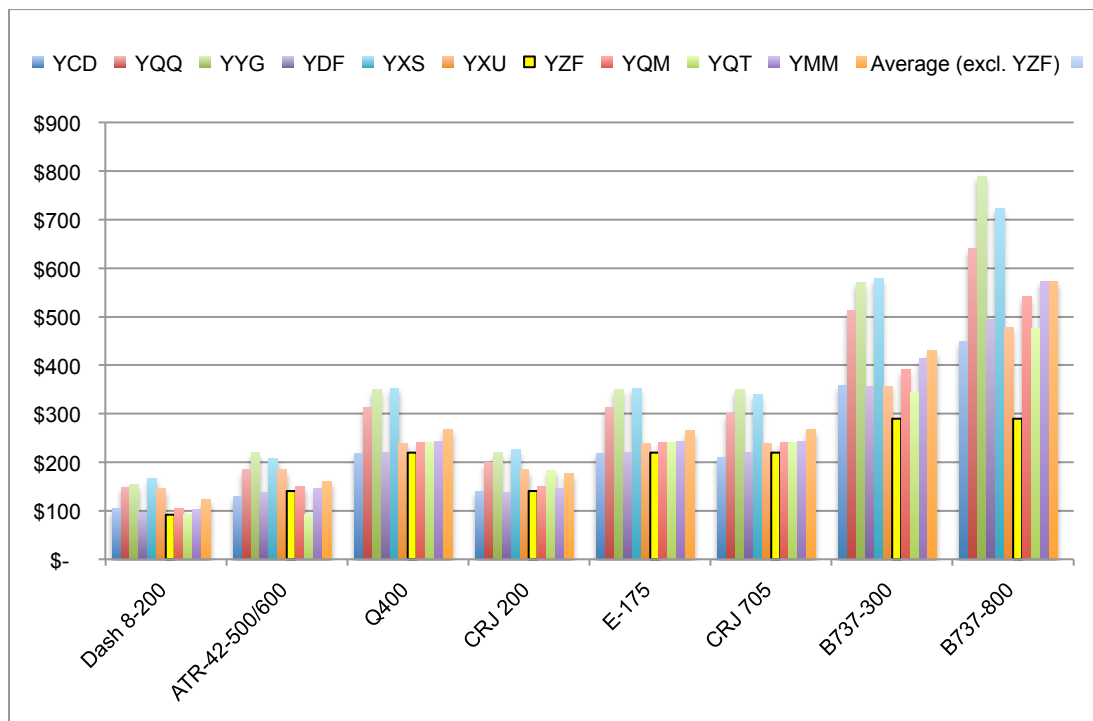


Figure 7. Benchmark Domestic General Terminal Fees by Aircraft Type



4.3. Aircraft Parking Fees

YZF's current aircraft parking fees are shown below in Table 10.

Table 10. YZF Aircraft Parking Fees

AIRCRAFT PARKING FEES		
Aircraft weight (MTOW)	Terminal Apron (Schedule B, Part 1)	Off-Terminal Apron (Schedule B, Part 2)
	Parking Fee (for more than 2 hrs, rate for each full 2 hr period)	Parking Fee (for more than 6 hrs, each 24 hr period or portion thereof)
Grace period	< 2 hrs - no charge	≤ 6 hrs - no charge
< 5,000 kg	\$6.11	\$6.11
5,000 – 10,000 kg	\$10.82	\$10.82
10,001 – 30,000 kg	\$20.01	\$20.01
30,001 – 60,000 kg	\$31.00	\$31.00
60,001 – 100,000 kg	\$46.79	\$46.79
100,001 – 200,000 kg	\$78.23	\$78.23
200,001 – 300,000 kg	\$109.29	\$109.29
> 300,000 kg	\$141.05	\$141.05

Table 11 shows the various aircraft parking fees at the comparable airports using the typical aircraft weight categories.

With very limited apron space at YZF, the airport uses a congestion pricing mechanism to discourage long-term parking on the apron.

Accordingly, YZF's aircraft parking fees can be significantly higher than the average given that there is only a 2-hour grace period, and no daily maximum.

Table 11. Benchmark Aircraft Parking Fees

AIRCRAFT PARKING FEES - PAVED APRON (aircraft weight - MTOW)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife , NT (YZF) 2 hrs	Yellowknife , NT (YZF) - 24 hrs	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort McMurray, AB (YMM)
Grace period			6 hrs		4 hrs		2 hrs	2 hrs	6 hrs		3 hrs
< 5,000 kg	\$17.25 (< 2,500 kg)	\$ 12.86	\$5.52	\$ 8.53	\$10.50 (< 2,000 kg) \$15.75 (2-5,000 kg)		\$ 6.11	\$ 67.21	\$17.90	\$ 17.03	\$ 12.44
5,000 - 10,000 kg	\$34.05 (2501 - 10000kg)	\$ 13.92	\$10.11	\$ 15.62	\$ 26.25		\$ 10.82	\$ 119.02	\$31.71	\$ 20.62	\$ 21.57
10,001 - 30,000 kg	\$ 47.59	\$ 25.73	\$18.98	\$ 29.33	\$ 47.25		\$ 20.01	\$ 220.11	\$58.66	\$ 40.63	\$ 35.64
30,001 - 60,000 kg	no information	\$ 39.86	\$29.58	\$ 45.71	\$ 57.75		\$ 31.00	\$ 341.00	\$90.84	\$ 61.55	\$ 55.56
60,001 - 100,000 kg	no information	\$ 60.16	\$44.40	no information	\$1.84 / 1000 kg (> 60,000 kg)	none listed on feed sched	\$ 46.79	\$ 514.69	\$137.13	\$ 95.21	\$ 83.28
100,001 - 200,000 kg	no information	\$ 100.60	\$74.03	no information	\$1.84 / 1000 kg (> 60,000 kg)		\$ 78.23	\$ 860.53	\$229.26	\$ 159.42	\$ 139.02
200,001 - 300,000 kg	no information	\$ 140.54	\$103.65	no information	\$1.84 / 1000 kg (> 60,000 kg)		\$ 109.29	\$ 1,202.19	\$320.31	\$ 223.01	\$ 194.63
> 300,001 kg	no information	\$ 181.38	\$133.29	no information	\$1.84 / 1000 kg (> 60,000 kg)		\$ 141.05	\$ 1,551.55	\$413.38	\$ 287.06	\$ 250.30
	rate / day	rate / day	rate / day	rate / day	rate / day		rate / 2 hrs	rate / day	rate / day	rate / day	rate / day

NOTES:

- * Nanaimo's fee schedule doesn't go beyond AC weighing 30,000 kg
- * Comox' fees payable to Comox Valley Airport Commission.
- * London's fee sched doesn't include AC parking
- * Yellowknife charges on a 2 hr period vs. daily

Table 12, and Figures 8 and 9 present a comparison of aircraft parking fees by typical aircraft weight categories as charged by the comparable airports.

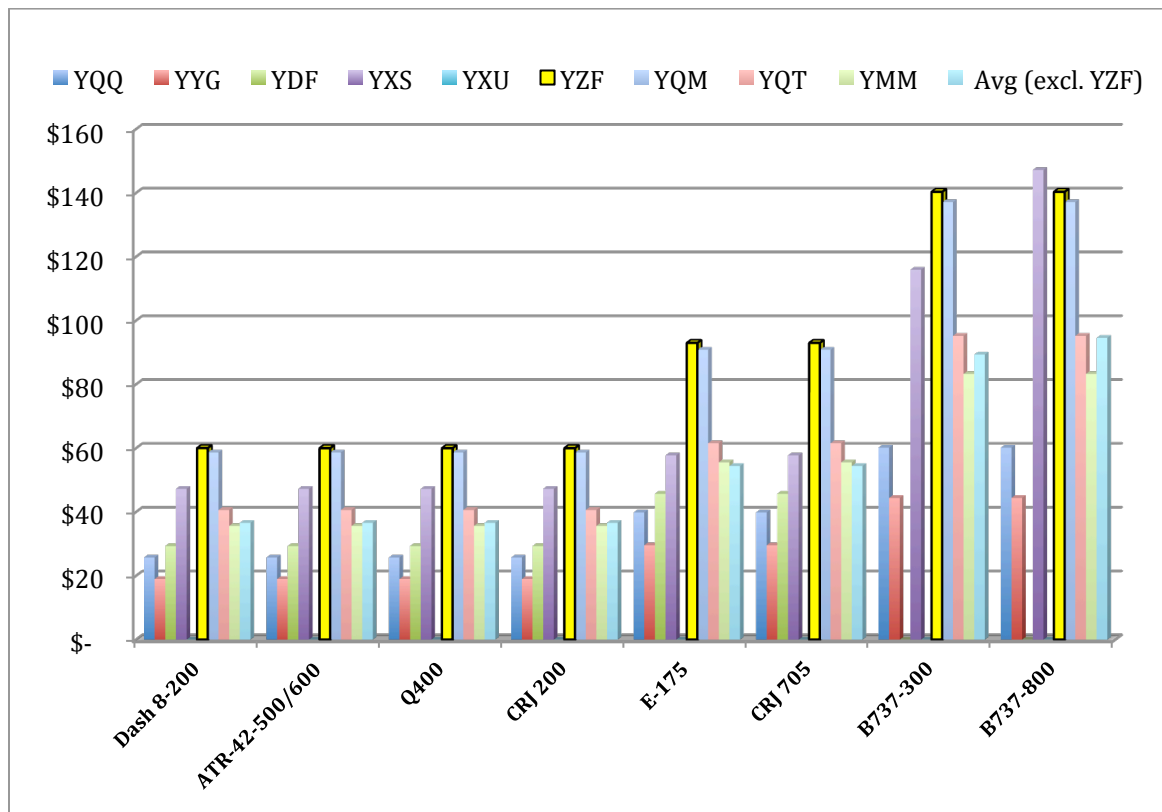
For the reasons already mentioned, **the average aircraft parking fees at the benchmark airports are approximately 60-65% that of YZF's, by aircraft type.**

Table 12. Aircraft Parking Fees by Aircraft Type

AIRCRAFT PARKING FEE BY AIRCRAFT TYPE (domestic)	Nanaimo, BC (YCD)	Comox, BC (YQQ)	Charlottetown, PE (YYG)	Deer Lake, NL (YDF)	Prince George, BC (YXS)	London, ON (YXU)	Yellowknife , NT (YZF)	Moncton, NB (YQM)	Thunder Bay, ON (YQT)	Fort Murray, AB (YMM)	Average (excl. YZF)	Average (excl. YZF) / YZF
Dash 8-200	\$ 47.59	\$ 25.73	\$ 18.98	\$ 29.33	\$ 47.25	?	\$ 60.05	\$ 58.66	\$ 40.63	\$ 35.64	\$ 36.60	0.61
ATR-42-500/600	\$ 47.59	\$ 25.73	\$ 18.98	\$ 29.33	\$ 47.25	?	\$ 60.03	\$ 58.66	\$ 40.63	\$ 35.64	\$ 36.60	0.61
Q400	\$ 47.59	\$ 25.73	\$ 18.98	\$ 29.33	\$ 47.25	?	\$ 60.03	\$ 58.66	\$ 40.63	\$ 35.64	\$ 36.60	0.61
CRJ 200	\$ 47.59	\$ 25.73	\$ 18.98	\$ 29.33	\$ 47.25	?	\$ 60.03	\$ 58.66	\$ 40.63	\$ 35.64	\$ 36.60	0.61
E-175	?	\$ 39.86	\$ 29.58	\$ 45.71	\$ 57.75	?	\$ 93.00	\$ 90.84	\$ 61.55	\$ 55.56	\$ 54.41	0.59
CRJ 705	?	\$ 39.86	\$ 29.58	\$ 45.71	\$ 57.75	?	\$ 93.00	\$ 90.84	\$ 61.55	\$ 55.56	\$ 54.41	0.59
B737-300	?	\$ 60.16	\$ 44.40	?	\$ 115.92	?	\$ 140.37	\$ 137.13	\$ 95.21	\$ 83.28	\$ 89.35	0.64
B737-800	?	\$ 60.16	\$ 44.40	?	\$ 147.20	?	\$ 140.37	\$ 137.13	\$ 95.21	\$ 83.28	\$ 94.56	0.67

ASSUMPTION: 8 hrs

Figure 8. Benchmark Aircraft Parking Fees by Aircraft Type



4.4. Passenger Loading Bridge Fees

YZF does not have passenger loading bridges and therefore does not charge loading bridge fees.

Based on the published fee schedules at the benchmarked airports, only Moncton, Thunder Bay and Fort McMurray charge a loading bridge fee:

- Moncton: \$76.88 per flight window (90-minute maximum per window) for aircraft with 41 seats or more, or \$39.03 per flight window (45-minute maximum per window) for aircraft with 40 seats or less;
- Thunder Bay: \$105.10 per connection;
- Fort McMurray: \$72.84 per connection.

4.5. Fuel Concession Fees

Fuel suppliers pay a base lease rate for properties on airport (\$8.00/m² plus \$0.40 AMF) and a concession fee of \$0.070 per litre of AvGas and \$0.0123 per litre on oils and lubricants. A concession fee is not charged on jet fuel pumped.

Of the benchmarked airports, only Fort McMurray publishes its fuel concession fee which is currently \$0.09 per litre of Avgas. Fort McMurray does not charge a concession fee for jet fuel.

4.6. Common Use Fees

Many airports charge fees for various common use equipment and facilities, including counters, terminal equipment, baggage rooms or systems, and flight or baggage information displays (FIDS/BIDS).

YZF does not currently charge common-use fees.

Of the benchmarked airports, Nanaimo, London, Moncton and Fort McMurray publish their rates for common-use charges:

- Nanaimo charges \$25.00 per turn for common-use counters;
- London charges \$0.40 per enplaned passenger for common-use computer systems;
- Moncton charges for common use counter space based on aircraft seating capacity and a three-hour operating window:

Aircraft Seating Capacity	Per departure
0 – 20	\$35.00
21 – 75	\$50.00
76 – 130	\$65.00
131 – 200	\$80.00
201 – 300	\$100.00
301 and more	\$110.00

- Fort McMurray charges \$0.66 per departing passenger for common-use terminal equipment; \$1.08 per departing passenger for common-use ticket counters; \$0.12 per departing passenger for self-service check-in kiosks; \$6.19 per terminal movement for flight and baggage information display systems (FIDS and BIDS).

4.7. Police, Security and Fire Service Fees

Some airports charge the carriers for the cost of providing security services throughout the terminal. Sometimes this is called a “regulatory recovery fee”, and at some airports it includes the cost of policing services as well as fire services. Typically the charge is based on a cost recovery principle with adjustments being applied at the end of the year.

YZF does not currently charge police and security fees.

Of the benchmark airports, only Fort McMurray, London and Nanaimo publish their rates for this service:

- Nanaimo’s fee is \$3.50 per enplaned passenger and includes Airport Rescue and Fire Fighting and Environment (ARFF/ENV);
- London charges a security fee of \$1.13 per aircraft seat; and
- Fort McMurray’s fee is set at \$5.20 per landed seat on scheduled aircraft and other aircraft with more than 20 seats. This rate includes police, security and emergency response services.

4.8. Other Aircraft or Airside Related Fees

Some airports also charge for airside services such as:

- International waste recovery (e.g. Fort McMurray \$0.25 / departing passenger);
- After hours emergency response coverage (e.g., Nanaimo \$200/response, Prince George \$210/hr/vehicle (min. 2 hrs), Moncton \$200/response);
- Ramp equipment parking (e.g., Nanaimo \$20.00/m2/yr, Fort McMurray \$25.76/m2/yr);
- Electrical plug-ins (e.g., Nanaimo \$50/mth, Prince George \$50/mth); and
- Third party ground handling (e.g., Fort McMurray \$2,361.79/operator/yr).

4.9. Airport Improvement Fee

Unlike other NAS airports (and now also at many smaller non-NAS airports) there is no Airport Improvement Fee (AIF) or Passenger Facility Fee (PFF) levied at YZF to fund capital improvements. It is understood however that the changes to the *Public Airports Act* currently under review could allow for a YZF Improvement Fee.

Table 13 provides a summary of AIF/PFF's charged at other airports – large and small - in Canada.

The 2016 average AIF is \$21 per originating passenger and the 2016 average PFF is \$18.

Table 13. AIF/PFF at Canadian Airports (as at July 2016)⁸

AIRPORT	PROV/TERR	AIF	PFF	AIRPORT	PROV/TERR	AIF	PFF
Abbotsford (YXX)	BC	\$5		Moosonee (YMO)	ON		\$12
Bagotville (YBG)	QC		\$25	Nanaimo (YCD)	BC		\$10
Baie-Comeau (YBC)	QC		\$10	Ottawa (YOW)	ON	\$23	
Bathurst (ZBF)	NB		\$40	Prince Albert (YPA)	SK		\$15
Calgary (YYC)	AB	\$30		Prince George (YXS)	BC	\$25	
Castlegar (YCG)	BC		\$7	Quebec City (YQB)	QC	\$33	
Charlottetown (YYG)	PEI		\$20	Red Deer (YQF)	AB		\$10
Comox (YQQ)	BC	\$5		Regina (YQR)	SK	\$20	
Cranbrook (YXC)	BC	\$11		Rouyn-Noranda (YUY)	QC		\$20
Deer Lake (YDF)	NL	\$20		Saint John (YSJ)	NB		\$25
Edmonton (YEG)	AB	\$30		Sarnia (YZR)	ON		\$25
Fort McMurray (YMM)	AB	\$30		Saskatoon (YXE)	SK	\$20	
Fort St. John (YXJ)	BC	\$18		Sault Ste Marie (YAM)	ON	\$20	
Fredericton (YFC)	NB		\$20	Smithers (YYD)	BC		\$25
Gander (YQX)	NL	\$25		Stephenville (YJT)	NL	\$20	
Gaspe (YGP)	QC		\$15	St. John's (YYT)	NL	\$30	
Goose Bay (YYR)	NL		\$20	Sudbury (YSB)	ON		\$25
Grande Prairie (YQU)	AB	\$20		Sydney (YQY)	NS		\$25
Halifax (YHZ)	NS	\$25		Terrace (YXT)	BC	\$7	
Hamilton (YHM)	ON	\$25		The Pas (YQD)	MB		\$20
Kamloops (YKA)	BC	\$10		Thompson (YTH)	MB		\$20
Kapuskasing (YYU)	ON		\$11	Timmins (YTS)	ON		\$10
Kelowna (YLW)	BC	\$15		Toronto (YYZ)	ON	\$25	
Lethbridge (YQL)	AB		\$15	Toronto BBTCA (YTZ)	ON	\$20	
London (YXU)	ON	\$15		Val d'Or (YVO)	QC		\$20
Moncton (YQM)	NB	\$20		Vancouver (YVR)	BC	\$20	
Mont-Jolie (YYY)	QC		\$10	Victoria (YYJ)	BC	\$15	
Montreal (YUL)	QC	\$25		Waterloo (YKF)	ON		\$15
Mont-Tremblant (YTM)	QC	\$25		Winnipeg (YWG)	MB	\$25	
				Windsor	ON		\$15

* as of July 1, 2016

Of the benchmark airports, the following additional passenger fees are charged:

- Prince George charges the AIF to departing passengers on charter flights, departing from any location at the airport including the terminal, main apron or the general aviation area;

⁸ Source: Air Transport Association of Canada (ATAC)

- Moncton charges an Airport Improvement Fee Equivalent (AIFE) of \$15 to departing passengers on all scheduled charter aircraft that do not use the main terminal building; and
- Fort McMurray charges an AIF Equivalent of \$30 per departing passenger on charters or corporate aircraft; this does not apply to aircraft with less than ten passenger seats or rotary wing aircraft, and Fort Chipewyan passengers pay only \$10.00 for the AIFE. Fort McMurray also applies a \$0.25/1000 kg MTOW fee for all non-passenger jet and turboprop aircraft whose operations are exempt from the AIF or the AIFE (e.g., cargo operators).

5. SUMMARY OBSERVATIONS AND RECOMMENDATIONS

This section summarizes YZF's position as compared to other benchmarked airports, and provides options for changes to the fee structure for GNWT's consideration under a go-forward, Revolving Fund governance structure.

5.1. Summary Comparison To Benchmark Airports

- Landing Fees:
 - YZF does not have several Landing Fee categories for its smaller aircraft (2,500 – 21,000 kg) although these are in place at other benchmarked airports.
 - The average Landing Fee by weight category among the benchmarked airports (excl. YZF) is approximately 4 to 6 times that of YZF's, while the overall "average" of the difference is 4 times.
 - The average calculated Landing Fee by typical aircraft type (excl. YZF) is approximately 3.5 to 4 times that of YZF's depending on the aircraft with the overall "average" of the difference being 3.86.
- General Terminal Fees:
 - YZF does not have a GTF category beyond 90 seats unlike many of the benchmarked airports (90-125; 126-150, 151-200).
 - The average GTF among the benchmarked airports (excl. YZF) range from 1.3 to 2.8 times that of YZF's, based on the aircraft seating capacity.
 - The average GTF among the benchmarked airports (excl. YZF) ranges between 1.1 to 2.0 times more than YZF's, based on the aircraft type, with the overall "average" of the difference being 1.36.
- Aircraft Parking Fees:
 - YZF's two hour grace period is less than at many other airports, and the airport does not have a daily maximum as found at other airports. This is a congestion pricing type strategy employed at YZF as apron space is limited.
 - YZF's aircraft parking fees can be significantly higher than the average of the benchmarked airports, with the average aircraft parking fees being some 60-65% of YZF's, based on aircraft type.
- Loading Bridge Fees:
 - YZF does not use loading bridges and therefore does not charge bridge fees.

- Fuel Concession Fees:
 - YZF charges a fuel concession fee on AvGas and oils and lubricants. YZF does not charge a fuel concession fee on jet fuel.
 - Of the benchmark airports, only Fort McMurray published a fuel concession fee which is almost double that of YZF for AvGas. None of the benchmarked airports charges a concession fee for jet fuel.
- Airport Improvement Fees (AIF) / Passenger Facility Fees (PFF):
 - YZF does not currently charge an AIF or PFF.
 - The average AIF among airports in Canada charging an AIF is \$21 per departing passenger; and the average PFF is \$18.
 - The average AIF/PFF among benchmarked airports is \$19.
- Common-Use Fees:
 - YZF does not currently charge common use fees (e.g., counters, terminal equipment, baggage rooms or systems, flight or baggage information systems). These fees are in place at four of the benchmark airports.
- Police and Security Fees:
 - YZF does not currently charge carriers for the cost of providing security or emergency services throughout the terminal similar to three of the benchmark airports.

5.2. Updated Aeronautical Fees

With the benchmarked rates established, an Aeronautical Landing and General Terminal Fee Schedule has been developed based on bringing Yellowknife Airport's landing and general terminal fees **up to the average of the benchmarked airports**. The Schedule is included at Appendix A.

As YZF currently uses a congestion pricing strategy for aircraft parking, no changes are proposed to these fees.

Passenger Facility Fee

In addition to the direct airline charges, GNWT has determined that YZF will introduce a Passenger Facility Fee (PFF) of \$20 per departing passenger for passengers flying south, and a PFF of \$10 per departing passenger for those flying north. All departing passengers using the terminal and most using the FBOs will be charged the PFF or its equivalent.

5.3. Budgetary Effects of Adopting the New Schedule

As detailed traffic forecasts for YZF have not been prepared, the effect of the updated fee schedule is based on 2015 Traffic and the short-term revenue needs of the airport to cover known expenses. Using the revenue/cost analysis undertaken by GNWT based on the 2015 aircraft movement data by aircraft type, the potential aeronautical Landing and General Terminal Fees revenue would be 2.2 times higher than the actual revenue received in FY2016 if the benchmarked average Landing and General Terminal Fees Schedule detailed in Appendix A had been in place in FY2016⁹.

However, while increased, the higher aeronautical revenues would not have been sufficient on their own to close the gap between costs and revenue. If a PFF had also been implemented, a small surplus would have been achieved as shown in Table 14:

Table 14. YZF Cost & Revenue Summary – Rates Using Benchmark Averages

	Actual Expenses to Year End Mar 31, 2016 (based on GNWT Accounting)	FY2016 Actual Airside Revenue (based on GNWT Accounting)	Potential FY2016 Revenue Based on New Schedule, Calculated by Aircraft Type (Avg. rates per Benchmarked Airports)
Airside & Terminal	\$9,092,549	\$2,617,045 (Landing & Terminal Fees only)	\$5,803,035 (Landing & Terminal Fees only)
PFF	n/a	n/a	\$4,116,200
TOTAL	\$9,092,549	\$2,617,045	\$9,919,235

This does not address the need to create a capital fund to be applied against future needs. A more aggressive fee hike and/or a higher PFF would be needed to achieve that fiscal objective.

Should YZF increase its landing and general terminal fees 3.5 times (effectively an across the board 250% increase), then based on the 2015 traffic data the **current airside and terminal costs would be fully covered**, and the PFF revenue could be reserved for future capital infrastructure requirements as shown in Table 15:

⁹ Estimated revenues with new rate schedule include an approximation for GTF exemptions and an assumed 45% of commercial traffic using the FBO versus the ATB per GNWT.

Table 15. YZF Cost & Revenue Summary – Rates Using 3.5 x Multiplier

	Actual Expenses to Year End Mar 31, 2016 (based on GNWT Accounting)	FY2016 Actual Airside Revenue (based on GNWT Accounting)	Potential FY2016 Revenue Based on New Schedule, Calculated by Aircraft Type (3.5 Multiplier)
Airside & Terminal	\$9,092,549	\$2,617,045 (Landing & Terminal Fees only)	\$9,111,294 (Landing & Terminal Fees only)
PFF	n/a	n/a	\$4,116,200
TOTAL	\$9,092,549	\$2,617,045	\$13,227,494

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Appendix A

2017 Aeronautical Landing and General Terminal Fee Schedule (Option A)

(Based on Benchmarked Airports)

Benchmarked Landing Fees (LF) 2017

Aircraft Weight (MTOW)	Current LF (per 1000 kg)	New LF (per 1000 kg)	Benchmark Percentage Change
< 2,500 kg	\$1.73 ⁽¹⁾	\$6.41	+271%
2,501 – 10,000 kg		\$6.74	+290%
10,001 – 21,000 kg		\$7.30	+322%
21,000 – 45,000 kg	\$2.22	\$8.56	+286%
45,001 – 80,000 kg	\$2.61	\$9.70	+272%
Minimum Landing Fee	\$3.94	\$23.18	+588%

Note: 1. Currently one category below 21,000 kg

Benchmarked General Terminal Fee (GTF) 2017

Aircraft Seating Capacity	Current GTF	New GTF	Benchmark Percentage Change
0 - 5	\$0.00	\$25.80	n/a
6 - 9	\$15.00	\$40.58	+171%
10 - 15	\$34.00	\$54.71	+61%
16 - 25	\$50.00	\$77.88	+56%
26 - 45	\$92.00	\$125.79	+37%
46 – 60	\$140.00	\$185.84	+33%
61 – 89	\$220.00	\$275.59	+25%
90 – 125	\$290.00 ⁽¹⁾	\$373.41	+29%
126 – 150 (New)		\$459.14	+58%
151 – 200 (New)		\$617.59	+113%

Note: 1. Currently one category above 90 Seats

Appendix B

2017 Aeronautical Landing and General Terminal Fee Schedule (Option B)

(Based on Full Cost Recovery)

Cost Recovery Landing Fees (LF) 2017

Aircraft Weight (MTOW)	Current LF (per 1000 kg)	New LF (per 1000 kg)	Equivalent Percentage Change
< 2,500 kg	\$1.73 ⁽¹⁾	\$6.06	+250%
2,501 – 10,000 kg		\$6.06	+250%
10,001 – 21,000 kg		\$6.06	+250%
21,000 – 45,000 kg	\$2.22	\$7.77	+250%
45,001 – 80,000 kg	\$2.61	\$9.14	+250%
Minimum Landing Fee	\$3.94 ⁾	\$13.79	+250%

Note: 1. Currently one category below 21,000 kg

Cost Recovery General Terminal Fees (GTF) 2017

Aircraft Seating Capacity	Current GTF	New GTF	Percentage Change
0 - 5	\$0.00	\$0.00	0%
6 - 9	\$15.00	\$52.50	+250%
10 - 15	\$34.00	\$119.00	+250%
16 - 25	\$50.00	\$175.00	+250%
26 - 45	\$92.00	\$322.00	+250%
46 – 60	\$140.00	\$490.00	+250%
61 – 89	\$220.00	\$770.00	+250%
90 – 125	\$290.00 ⁽¹⁾	\$1,015.00	+250%
126 – 150 (New)		\$1,015.00	+250%
151 – 200 (New)		\$1,015.00	+250%

Note: 1. Currently one category above 90 Seats