



421 Aviation Way  
Frederick, Maryland 21701

T. 301-695-2000  
F. 301-695-2375

[www.aopa.org](http://www.aopa.org)

October 31, 2008

Ms. Becky C. Iles  
Acting Chief of Leasing  
Department of Transportation and Public Facilities  
P O Box 196900  
Anchorage AK 99519-6900

Re: Proposed Rural Airport Leasing Regulations

Dear Ms. Iles:

The Aircraft Owners and Pilots Association (AOPA) represents over 415,000 members nationwide, over 4,300 of who reside in the state of Alaska. We appreciate that the Department of Transportation and Public Facilities (DOT&PF) recognized the challenges to aviation caused by the current financial situation, and issued emergency regulations to suspend the land rental lease rate increases enacted last March across the rural airport system.

While we acknowledge that limiting a rate increase to no more than 10% per year is good practice, we would recommend that little to no increase be considered in light of the continuing financial stress to aviation caused by the current economic situation and high fuel costs. Since the price of fuel in many remote communities is tied to the price when fuel is received once annually by barge, fuel costs are not likely to drop at rural airports in Alaska in the near future, despite the decline in fuel costs nationwide. This will continue the economic stresses felt by lessees at these airports.

While AOPA understands and supports the need to generate revenue from the rural airport system, we contend that raising land rental rates at all under the current economic climate will worsen the conditions identified by the department as the reason to suspend the increases in the first place. As mentioned in our letter of May 27, we request the State conduct a study of the economic impact to the communities prior to implementing future rate increases.

We appreciate the opportunity to comment on these regulations and look forward to continuing to work with DOT&PF to strengthen aviation in Alaska.

Sincerely,

John L. Collins  
Manager  
Airport Policy

Enclosure: May 27, 2008 AOPA Letter to Mr. Keith Day, Controller, Alaska International Airports System



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

May 27, 2008

Mr. Keith Day, Controller  
Alaska International Airports System  
P. O. Box 196960  
Anchorage, AK 99519-6960

Re: Intent to increase land rental rates at Anchorage and Fairbanks International Airports

Dear Mr. Day:

The Aircraft Owners and Pilots Association (AOPA) represents over 414,000 members nation wide, some 4,300 of whom reside in the state of Alaska. AOPA has concerns with the proposed land rate increase at Anchorage and Fairbanks International Airports. While we understand the need to derive income to support these airports, the impact of the proposed action may have severe consequences to our members who either hold leases directly, or patronize businesses that have leases at these airports. AOPA is especially concerned with the compounding of the lease rate adjustments resulting in more than a 50% increase in many lease rates for the first year – an excessive amount under any circumstances.

While the immediate increase to existing leaseholders will vary depending on the terms of individual leases, most are looking at an increase of over 50% this summer. With aviation fuel prices on the rise, along with the cost of other forms of energy at record levels, businesses and individuals who hold leases are already under economic stress. The cumulative impact of these factors could have a negative impact on the aviation community and the public that depends on it as a basic form of transportation across much of the state.

AOPA requests that before implementing a rate increase under these economic circumstances, the state performs a study to evaluate the overall impact of this proposal, including the rate increase that was recently made across the rural airports.

We also contend that it is necessary to revise the Title 17 regulations, specifically 17.AAC.295 (d) which allows the compounding of the lease rate adjustments. Keeping rate increases to a maximum of 10% per year will ease the impact on leaseholders.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Tom George

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TOM GEORGE  
ALASKA REGIONAL REPRESENTATIVE  
PERSONAL ADDRESS: P.O. BOX 83750 FAIRBANKS, AK 99708  
907-388-9955 (PHONE) 907-455-9001 (FAX)  
E-MAIL: tom.george@aopa.org