

**CITY OF FRESNO
 MASTER FEE SCHEDULE
 AMENDMENT DETAIL**

AIRPORTS DEPARTMENT

Terminal Rental Rate per Square Foot per Year

The purpose of this fee is to recover operating and capital costs allocated to the Terminal Area cost center.

Like other small hubs, Airports has historically charged a Terminal Rental Rate below cost recovery pricing, in an effort to financially partner with the carriers. The current effective Terminal Rental Rate is \$43.00 per square foot per year; the cost-recovery rate is \$51.31. The Terminal Rental Rate was consolidated and slightly increased in FY 2014 - prior to that it had not been adjusted since FY 2009.

The proposed amendment is consistent with a below cost recovery pricing approach. As shown below, the Terminal Rental Rate would be increased annually by a four (4) percent factor over a five-year projection period. This pricing adjustment would offset modest anticipated increases in operating expenses allocated to the Terminal Area, allowing Airports to continue to recover about 30% of terminal costs from the airlines, roughly equal to the current share. At the end of the five-year projection period (FY 2021), the Terminal Rental Rate would be low by industry standards, and below the cost-recovery rate.

Terminal Rental Rate: Proposed Amendment FY 2017 FY 2021					
FY 2016	Projection Period				
	2017	2018	2019	2020	2021
\$43.00	\$44.72	\$46.51	\$48.37	\$50.30	\$52.32
	4.00%	4.00%	4.00%	4.00%	4.00%

Fee to be effective July 1, 2016
 MFS Amendment 526 (June 2016)