

**Re: Proposed Modification to Airport Fees and Charges**

In accordance with Article 4 of the Airport Authority (Fees and Charges) Regulations, 2009, the Nassau Airport Development Company (“NAD”) proposes to modify the Tariff of Fees and Charges, effective February 1, 2022 for General Aviation.

Please note this fee does not apply to passengers travelling on international or domestic commercial carriers.

NAD proposes to implement an airport improvement fee (“AIF”) for all passengers arriving via General Aviation (“GA”) flights to the Lynden Pindling International Airport (“LPIA”). General Aviation passengers, unlike commercial passengers, currently pay no direct airport improvement fees to NAD for their use of the airport.

The fee will be \$28.00 (VAT inclusive) for passengers arriving to Nassau via private aircraft from international destinations. The new fee is consistent with NAD’s agreement to manage LPIA and determine fees and charges.

Pursuant to the Airport Authority (Fees and Charges) Regulations, 2009 which fall under The Airport Authority Act, the following factors are to be considered in modifications to airport fees and charges:

***a) Whether the application or level of the Fees and Charges is consistent with International Civil Aviation Organization (“ICAO”) Policies on Charges for Airports.***

The methodology and application of the Fees and Charges, as proposed by NAD, are consistent with ICAO’s Policies on Charges for Airports and Air Navigation Systems. The ICAO Policies consider factors ranging from the methods used to calculate and collect the fees and appropriateness of the fee amounts, to the equality of their application. The ICAO Policies in most respects mirror the general industry practices.

LPIA typically has a mix of both commercial traffic (approx. 60% of landings) and GA or private aircraft traffic (approx. 40% of landings) operating from the airport. Notwithstanding the significant percentage of GA landings, revenue attributable to all GA operations at the airport accounted for an average of only 11% of total aeronautical revenue respectively in FY2018, 2019 and 2020 (excluding NAD’s passenger facilities charge). GA’s average contribution inclusive of the passenger facility charge was 3.29% for FY2018, 2019 and 2020. The majority of aeronautical revenue comes from commercial passenger fees (61%) and commercial landing fees (24%). Presently, no passenger fees are assessed to GA (non-commercial) passengers.

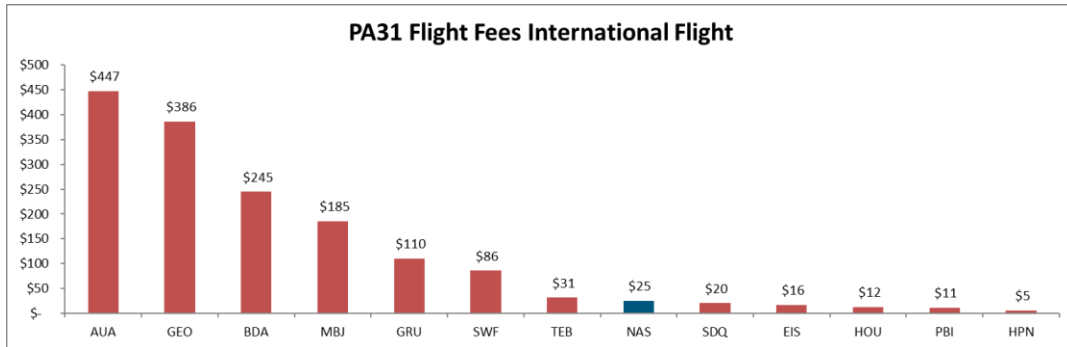
Passenger fees typically go toward capital and other airport improvements and to support the airport’s debt service obligations.

With the implementation of a GA Airport Improvement Fee (AIF), GA operations will begin to contribute a fairer share of the revenue required for the capital improvements, maintenance and debt servicing of the airport.

**b) How the Fees and Charges compare with those in the Caribbean region.**

A number of airports in the Caribbean and the United States were considered as potential peer airports for comparison to NAS (see Appendix 1). The airport charges used in this benchmarking exercise are based on the most recent, publicly available data from the peer airports in 2019.

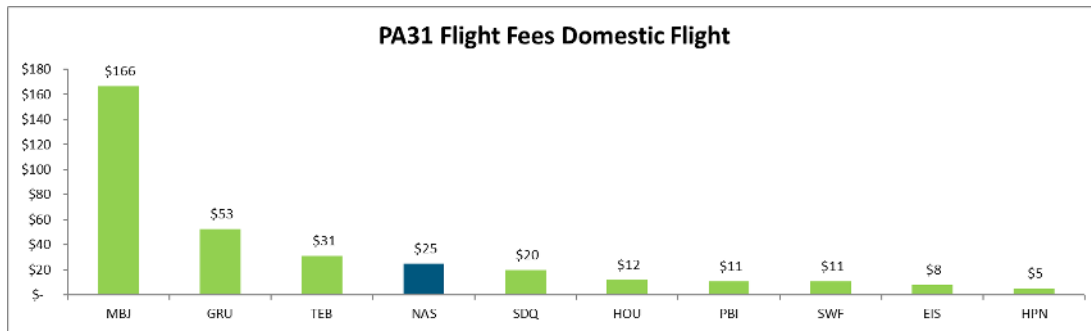
From a competitive viewpoint, for international flights LPIA is amongst the lowest for GA charges within the airport peers in the sample of peer airports reviewed. For comparison, a number of US airports were included in the charges benchmarking exercise which was based on aircraft types common to LPIA (Piper Aztec Navajo PA31 with 10 seats). LPIA has charges comparable to two New York area airports, but US airports generally have low landing fees, in part due to subsidization from the FAA’s Airport Improvement Program and some state programs. LPIA receives no subsidization from The Government of The Bahamas for commercial or GA operations.



**Source:** InterVISTAS Analysis of Airport Charges

**Note:** For the benchmarking exercise in each case the aircraft is parked, re-fuels (three-quarters of the capacity of the fuel tanks) and departs. The cost cited is for a single turnaround, assuming a 75% load factor.

The airport charges show a similar pattern for domestic flights with three airports having charges that are higher than LPIA.



Note: AUA, GEO, BDA have been excluded from domestic benchmarking as these airports have no domestic operations.

Source: InterVISTAS Analysis of Airport Charges

***c) Whether the amount of the Fees and Charges are sufficient to fund operating and capital expenditures, generate sufficient revenues for debt service, achieve compliance with financial covenants, fund debt service reserve accounts and other reserve accounts consistent with an investment grade rating.***

The proposed AIF fee will be used to assist the funding of planned investments at the airport. At this time, it is anticipated that some \$30 million\* will need to be invested in airside infrastructure improvements inclusive of pavement surfaces and lighting among other needs. Asphalt has a life of 20 years and as such fees implemented should cover these capital costs in part over that period.<sup>1</sup>

Management continues to take steps to meet the NAD’s operating and required capital expenditure programs, fund debt service requirements, and comply with financial covenants as The Bahamas recovers from the current pandemic. The new fee allows GA to contribute more fairly towards NAD’s maintenance of a strong financial position. Further, the fee will help NAD meet its debt service and financial covenant obligations, and for NAD to fund important regulatory, security, maintenance, and capital projects to ensure efficient and safe airport operations.

The new fee is being implemented in accordance with Article 4 of the Airport Authority (Fees and Charges) Regulations and the Airport Transfer Agreement dated April 1, 2007 and Amendment No. 1, dated March 20, 2009 and Amendment No. 2 dated December 28, 2018. A timetable for notification and consultation with the public and general aviation carriers is in accordance with Schedule K of this agreement. The current timeline for notification and consultation with the public and air carriers, and approval of the Airport Authority is as follows pursuant to Schedule K:

<sup>1</sup> The increase in GA revenues is meant to fund needed major construction projects to better serve GA passengers and reduce their delay impact on commercial flights and passengers.

\*Rough order of magnitude estimates only

1. **July 26, 2021** - 5(a) submit recommendation to the Airport Authority
2. **August 9, 2021** – 5(a) publish “Proposed Modification to Airport Fees and Charges Notice” and invite comments from the public and impacted air carriers.
3. **August 23, 2021** – 5(b) consultative meeting with impacted air carriers
4. **September 23, 2021** – 5(c) deadline for written comments from the public and impacted air carriers
5. **October 1, 2021** – 5(d) NAD to provide:
  - responses to written comments
  - copies of all written comments and responses to the Airport Authority
  - recommendation to the Airport Authority in writing for the changes to fees and charges taking into account the written comments and responses
6. **October 25, 2021** – 5(e) “Approval Period” Airport Authority to notify NAD in writing of its determination of NAD’s recommendation:
  - 5(f) If the Airport Authority approves the Recommendation the Airport Authority will:
    - Notify NAD that it consents to the fees as recommended on or before October 25, 2021
    - Authorize NAD to publicly disclose the new fees to the public and to the impacted air carriers, such fees to be effective not less than 90 days from the first publication. In this case, if the Airport Authority was to provide such authorization on October 25, 2021 and the first publication occurred on October 28, 2021, then the effective date will be February 1, 2022.
7. **February 1, 2022** – All international GA air travel charges will be at the revised rates.

Any comments on the recommendation are welcomed and can be provided via email at [feedback@nas.bs](mailto:feedback@nas.bs).

Appendix 1  
LPIA Peer Airports

	<b>Airport Name</b>	<b>IATA Code</b>	<b>Location</b>
<b>1.</b>	Queen Beatrix International Airport	AUA	Aruba
<b>2.</b>	Sangster International Airport	MBJ	Jamaica
<b>3.</b>	L.F. Wade International Airport	BDA	Bermuda
<b>4.</b>	Grantley Adams International Airport	BGI	Barbados
<b>5.</b>	Terrance B. Lettsome International Airport	EIS	British Virgin Islands
<b>6.</b>	São Paulo–Guarulhos International Airport	GRU	Brazil
<b>7.</b>	Teterboro Airport	TEB	New Jersey, USA
<b>8.</b>	New York Stewart International Airport	SWF	New York, USA
<b>9.</b>	Palm Beach International Airport	PBI	Florida, USA
<b>10.</b>	William P. Hobby Airport	HOU	Texas, USA
<b>11.</b>	Westchester County Airport	HPN	New York, USA