

Proposed Implementation of U.S. Customs User Fees

Council Work Session – September 28, 2021

The logo for ADDISON is a white circle containing the word "ADDISON" in blue, uppercase, sans-serif font. The circle is set against a blue background that features a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side of the slide.

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Classes of International Airports

Three classes of airports authorized to handle international arrivals:

- **International Airports of Entry (19 CFR Section 122.11)**

Examples: Dallas – Fort Worth International (DFW); El Paso International (ELP); San Diego International (SAN); Miami International (MIA); Del Rio International (DRT); Key West International (EYW); Yuma International (NYL); Pembina (North Dakota) Municipal Airport (PMB)

- **Landing Rights Airports (19 CFR Section 122.15)**

Examples: Dallas Love Field (DAL); Fort Worth Meacham (FTW); Fort Lauderdale Executive (FXE); Teterboro (TEB); New Orleans Lakefront (NEW); DeKalb – Peachtree (PDK); Atlanta Hartsfield – Jackson International (ATL); Washington Dulles International (IAD); Los Angeles International (LAX)

- **User Fee Airports (19 CFR Section 122.15)**

Examples: Addison Airport (ADS); McKinney National (TKI); Fort Worth Alliance (AFW); Sugar Land (SGR); Conroe – North Houston Regional (CXO); Morristown Municipal (MMU); Van Nuys (VNY); Naples Municipal (APF); Boca Raton (BCT); Denver Centennial (APA)

The U.S. Customs and Border Protection (CBP) User Fee Airport (UFA) Program:

A User Fee Airport is an airport which has been approved by the Commissioner of Customs and Border Protection to receive, for a fee, the services of a CBP officer for the processing of aircraft, passengers, and cargo entering the United States. The applicant must meet the following criteria for UFA consideration:

- The volume or value of business at the airport does not justify the availability of inspectional services on a non-reimbursable basis.
- The current governor of the state in which the airport is located supports the UFA designation in a letter to the Commissioner of CBP.
- The requestor (*e.g.*, airport authority) agrees to **reimburse CBP for all costs associated with the services**, including all expenses of staffing a minimum of one full-time CBP officer.
- The requestor completes an Agriculture Compliance Agreement (ACA) with fixed base operators and garbage haulers for handling international garbage.

There are currently 65 airports participating in the UFA program. User Fee Airports pay **ALL COSTS** to provide the service but may charge fees to users to recover those costs.

Fees Charged at Customs User Fee Airports

- Fees charged for clearance services at User Fee Airports vary widely, from no charges at all to as much as \$2,000 (or more) for clearing large aircraft. Additional charges for after-hours (overtime) clearances are common.
- Fee structures are typically based on some aircraft characteristic, but these can vary widely. Number and type of engines (*e.g.*, piston, turbo-prop, jet) or aircraft weight (*e.g.*, Maximum Gross Take-Off Weight [MGTOW], Maximum Gross Landing Weight [MGLW]) are typical bases for fee structures. At least one airport includes aircraft wingspan in its criteria.
- Some airports – mainly among those with commercial or charter passenger service – charge a fee for each passenger cleared. User Fee airports have a 20-person per aircraft limit.
- In addition to fees for U.S. Customs services, some airports may impose other charges such as landing fees, remain-overnight [RON] fees, and/or ramp and facility fees. When making cost comparisons among airports, it is important to consider an airport's entire fee structure as well as local market conditions.

Fees Charged at Customs User Fee Airports

- Customs User Fees at 15 National category GA/Reliever airports (the same category as Addison, so the most similar to Addison) were reviewed in detail
- These 15 airports represent 23% (15/65) of the User Fee Airports
 - APA – Denver Centennial
 - BJC – Rocky Mountain Metro
 - HIO – Hillsboro (Portland, OR)
 - PWK – Chicago Executive
 - SGR – Sugar Land Regional
 - APF – Naples Municipal
 - CRQ – McClellan-Palomar
 - MMU – Morristown Municipal
 - RYY – Cobb County (Georgia)
 - UGN – Waukegan Regional (IL)
 - BCT – Boca Raton
 - DPA – DuPage County
 - PTK – Oakland County Int’l.
 - SDL – Scottsdale
 - VNY – Van Nuys
- Customs Fee structures vary quite a bit, depending on local factors
- Aircraft Maximum Gross Takeoff Weight (MGTOW) is the most common criterion used to set Customs clearance fees
- Airports serving the same market often have similar fee structures (for example, DPA, PWK, and UGN are similar, as are APA and BJC)

Customs Services at DFW-Area Airports

Addison's competition for general aviation international traffic in the DFW area:

One International Airport of Entry:

- **Dallas – Fort Worth International Airport (DFW)**

Four other airports participating in the User Fee Airport program:

- **Dallas Love Field (DAL)**
- **Fort Worth Meacham International (FTW)**
- **Fort Worth Alliance Airport (AFW)**
- **McKinney National Airport (TKI)**

Of these, only DAL, DFW, and TKI are really close enough to compete for some of the same traffic as Addison; FTW and AFW are on the opposite side of the metroplex and are not a significant factor.

Customs Fees at DFW-Area User Fee Airports

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DAL – Dallas Love Field – Dallas, TX

Single engine reciprocal propeller	\$105.
Twin engine reciprocal propeller	\$140.
Light turbine (less than 12,500 pounds)	\$350.
Medium turbine (12,500 to 40,000 pounds)	\$560.
Large turbine (40,001 to 100,000 pounds)	\$700.
Transport category (over 100,000 pounds)	\$1,050.

There are no additional charges for after-hours (overtime) clearances or disposal of Regulated Garbage.

Love Field charges a landing fee for general aviation (GA) aircraft of \$5.90 per 1,000 lbs. based on aircraft certified Maximum Landing Weight (MLW).

Source: https://codelibrary.amlegal.com/codes/dallas/latest/dallas_tx/0-0-0-1651#JD_5-16

TKI – McKinney National Airport – McKinney, TX

No clearance fees during regular service hours.

Flat fee of \$200 for overtime clearances.

USDA Regulated Garbage handling/disposal: \$150.

Source: [phone call with McKinney National Airport staff](#)

FTW – Fort Worth Meacham Airport – Fort Worth, TX

AFW – Fort Worth Alliance Airport – Fort Worth, TX

All aircraft, flat fee for clearance \$300.

After hours (overtime) clearances: \$200 additional

Landing fees are charged at Fort Worth Alliance Airport to commercial aircraft operating under FAR Parts 121, 125, 129, or 135 with a Maximum Certified Gross Landing Weight (MCGLW) over 40,000 pounds.

Source: <http://meacham.com/pdf/adopted-rates-and-charges-fy2021.pdf>

Current/Projected Annual Operating Costs

- Annual salary and benefits for one CBP Officer, **\$192,000** (fixed cost)
- Annual IT/Security system costs, per RMOA, **\$46,000** (fixed cost)
- Annual operating costs for CBP facility (estimated) **\$10,200** (fixed cost)
- CBP charges for overtime call-outs
 - Average overtime charge is approximately \$300
 - Just over 60% of international arrivals incur overtime charges
 - Estimated cost for **400 annual arrivals** is **\$73,500** (variable cost)
- Disposal costs for Regulated Garbage
 - Current disposal cost is approximately \$80 per bag; will reduce to \$75
 - Just over 40% of international arrivals have Regulated Garbage
 - Estimated cost for **400 annual arrivals** is **\$12,225** (variable cost)
- Approximate total annual operating costs for CBP services: **\$333,925**

Total Annual Fixed Costs (approximate):
\$248,200

Total Annual Variable Costs (400 arrivals):
\$85,775

Addison – International Arrival Traffic Analysis

- **International arrivals from January 1, 2020, through July 31, 2021**
 - Total of 673 international arrivals (Customs clearances) in that period
 - Aircraft registration/type information available if:
 - Airport received bill from CBP for **overtime** costs – 413 arrivals (**61.4%**)
 - Airport handled **Regulated Garbage** from the aircraft – 274 arrivals (**40.7%**)
 - Aircraft with both Regulated Garbage and CBP overtime charges – 168 arrivals (25.0%)
 - Identified 519 (77.1%) of the total 673 arrivals by aircraft type from this data
 - Arrivals included only one piston-engine aircraft (a light twin) and one (turbine) helicopter
 - **Distributions by aircraft Maximum Gross Takeoff Weight (MGTOW)**

• Up to 12,500 pounds	34 arrivals
• 12,501 – 25,000 pounds	129 arrivals
• 25,001 – 35,000 pounds	68 arrivals
• 35,001 – 40,000 pounds	73 arrivals
• 40,001 – 50,000 pounds	54 arrivals
• 50,001 – 75,000 pounds	82 arrivals
• 75,001 – 100,000 pounds	64 arrivals
• Over 100,000 pounds	15 arrivals
 - These data were used to analyze a variety of Customs fee models for Addison

Current Annual Customs Revenue and Costs

- Current practice is to charge Customs users only for CBP overtime costs and Regulated Garbage disposal; Addison has not charged for regular clearances.
 - Direct pass-through to users of overtime charges billed to airport by CBP. Users are billed only after CBP bills the airport for costs. Average overtime charge is just under \$300 but actual charges can range from \$40 to \$600.
 - Current charge \$95/bag for disposal of Regulated Garbage; covers airport's costs of providing service.
- Estimated revenues from CBP overtime charges and Regulated Garbage disposal fees based on 400, 450, 500, 550, and 600 annual international arrivals are shown below.

Addison Airport - Customs Charges cost recovery for Overtime and Regulated Garbage Only		<u>Note:</u> this is the current practice	400	revenue estimate, 400 annual arrivals	450	revenue estimate, 450 annual arrivals	500	revenue estimate, 500 annual arrivals	550	revenue estimate, 550 annual arrivals	600	revenue estimate, 600 annual arrivals
Average Overtime Charge	\$300	61.4%	245	\$73,500	276	\$82,800	307	\$92,100	338	\$101,400	368	\$110,400
Regulated Garbage	\$95	40.7%	163	\$15,485	183	\$17,385	204	\$19,380	224	\$21,280	244	\$23,180
Operating Revenue				\$88,985		\$100,185		\$111,480		\$122,680		\$133,580
CBP Officer Annual Salary & Benefits				\$192,000		\$192,000		\$192,000		\$192,000		\$192,000
CBP Annual IT/Security Costs				\$46,000		\$46,000		\$46,000		\$46,000		\$46,000
CBP Facility Upkeep Annual Costs				\$10,200		\$10,200		\$10,200		\$10,200		\$10,200
Overtime Expenses (estimated)				\$73,500		\$82,800		\$92,100		\$101,400		\$110,400
Regulated Garbage disposal costs				\$13,040		\$14,640		\$16,320		\$17,920		\$19,520
Total Operating Costs				\$334,740		\$345,640		\$356,620		\$367,520		\$378,120
Operating Revenue - Costs				(\$245,755)		(\$245,455)		(\$245,140)		(\$244,840)		(\$244,540)
Cost Recovery percentage				26.6%		29.0%		31.3%		33.4%		35.3%

Addison – Proposed Customs User Fee Schedule

A blue circular logo with the word "ADDISON" in white capital letters.

Airport staff is proposing a three-tiered Customs user fee schedule based on aircraft Maximum Gross Take-Off Weight (MGTOW):

Up to 12,500 lbs.	\$100.
12,501 lbs. to 50,000 lbs.	\$200.
Over 50,000 lbs.	\$400.

An additional **\$200** fee will be charged for clearances outside of regular service hours (overtime clearances). Regular service hours will be 10:00am to 7:00pm, Monday through Friday, effective October 11, 2021. (Current hours of operation are 8:00am to 5:00pm, Monday through Friday. The change will reduce the incidence of overtime clearance charges.)

Regulated Garbage disposal fee: **\$75** per arrival.

Projected Annual Customs User Fee Revenue

Projected revenues from Customs user fees based on 400, 450, 500, 550, and 600 annual international arrivals are shown below. Percentages of aircraft in each of the three different weight categories (from the proposed fee schedule) were estimated from nineteen months of international arrival data (January 1, 2020 – July 31, 2021).

Addison Airport Revised Proposed Customs User Fee Schedule		3-tier model	count Jan20- Jul21	% of total	400	revenue estimate, 400 annual arrivals	450	revenue estimate, 450 annual arrivals	500	revenue estimate, 500 annual arrivals	550	revenue estimate, 550 annual arrivals	600	revenue estimate, 600 annual arrivals
Rate 1	Up to 12,500 lbs.	\$100	34	6.6%	26	\$2,600	29	\$2,900	33	\$3,300	36	\$3,600	39	\$3,900
Rate 2	12,501 - 50,000 lbs.	\$200	324	62.4%	250	\$50,000	281	\$56,200	312	\$62,400	343	\$68,600	375	\$75,000
Rate 3	Over 50,000 lbs.	\$400	161	31.0%	124	\$49,600	140	\$56,000	155	\$62,000	171	\$68,400	186	\$74,400
	Average Fee	\$255.50	519		400	\$102,200	450	\$115,100	500	\$127,700	550	\$140,600	600	\$153,300
	Overtime Charges	\$200		61.4%	245	\$49,000	276	\$55,200	307	\$61,400	338	\$67,600	368	\$73,600
	Regulated Garbage	\$75		40.7%	163	\$12,225	183	\$13,725	204	\$15,300	224	\$16,800	244	\$18,300
	Operating Revenue					\$163,425		\$184,025		\$204,400		\$225,000		\$245,200
	CBP Officer Annual Salary & Benefits					\$192,000		\$192,000		\$192,000		\$192,000		\$192,000
	CBP Annual IT/Security Costs					\$46,000		\$46,000		\$46,000		\$46,000		\$46,000
	CBP Facility Upkeep Annual Costs					\$10,200		\$10,200		\$10,200		\$10,200		\$10,200
	Overtime Expenses (estimated)					\$73,500		\$82,800		\$92,100		\$101,400		\$110,400
	Regulated Garbage disposal costs					\$12,225		\$13,725		\$15,300		\$16,800		\$18,300
	Total Operating Costs					\$333,925		\$344,725		\$355,600		\$366,400		\$376,900
	Operating Revenue - Costs					(\$170,500)		(\$160,700)		(\$151,200)		(\$141,400)		(\$131,700)
	Cost Recovery percentage					48.9%		53.4%		57.5%		61.4%		65.1%

Addison – Proposed Customs User Fee Schedule



This table compares total costs for ADS and DAL for several representative aircraft types.

Aircraft Type	MGTOW (pounds)	MLW (pounds)	Dallas Love Field (DAL)			Addison Airport (ADS)					
			Type/Weight category	Customs Clearance Fees	Landing Fees	Total Clearance Costs	Weight Category (MGTOW)	Customs Clearance Fees Only	Customs With Garbage Only	Customs With Overtime Only	With Garbage and Overtime
Cessna P210	4,000	3,800	single-engine piston	\$105.00	\$23.60	\$128.60	≤ 12,500 lbs.	\$100.00	\$175.00	\$300.00	\$375.00
Cessna 421C	7,450	7,200	twin-engine piston	\$140.00	\$41.30	\$181.30	≤ 12,500 lbs.	\$100.00	\$175.00	\$300.00	\$375.00
Pilatus PC-12	10,450	9,921	turbine ≤ 12,500 lbs.	\$350.00	\$59.00	\$409.00	≤ 12,500 lbs.	\$100.00	\$175.00	\$300.00	\$375.00
Piaggio P-180 Avanti	12,100	11,500	turbine ≤ 12,500 lbs.	\$350.00	\$70.80	\$420.80	≤ 12,500 lbs.	\$100.00	\$175.00	\$300.00	\$375.00
Embraer Phenom 300	17,968	16,865	12,501 - 40,000 lbs.	\$560.00	\$100.30	\$660.30	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Cessna C650	22,000	20,000	12,501 - 40,000 lbs.	\$560.00	\$118.00	\$678.00	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Hawker 800XP	28,000	23,350	12,501 - 40,000 lbs.	\$560.00	\$135.70	\$695.70	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Cessna C680A	30,800	27,575	12,501 - 40,000 lbs.	\$560.00	\$165.20	\$725.20	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Cessna C750	36,100	31,800	12,501 - 40,000 lbs.	\$560.00	\$188.80	\$748.80	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Hawker 4000	39,500	33,500	12,501 - 40,000 lbs.	\$560.00	\$200.60	\$760.60	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Challenger 350	40,600	34,150	40,001 - 100,000 lbs.	\$700.00	\$200.60	\$900.60	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Falcon 900	48,300	44,500	40,001 - 100,000 lbs.	\$700.00	\$265.50	\$965.50	12,501 - 50,000 lbs.	\$200.00	\$275.00	\$400.00	\$475.00
Falcon 8X	73,000	62,400	40,001 - 100,000 lbs.	\$700.00	\$365.80	\$1,065.80	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00
Gulfstream G-IV	74,600	66,000	40,001 - 100,000 lbs.	\$700.00	\$389.40	\$1,089.40	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00
Global 5000	92,500	78,600	40,001 - 100,000 lbs.	\$700.00	\$466.10	\$1,166.10	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00
Gulfstream G650	99,600	83,500	40,001 - 100,000 lbs.	\$700.00	\$495.60	\$1,195.60	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00
Boeing 737-200	115,500	103,000	> 100,000 lbs.	\$1,050.00	\$607.70	\$1,657.70	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00
Boeing Business Jet (BBJ1)	171,000	134,000	> 100,000 lbs.	\$1,050.00	\$790.60	\$1,840.60	> 50,000 lbs.	\$400.00	\$475.00	\$600.00	\$675.00

Total costs for DAL clearances include landing fees. Costs at ADS may include additional charges for overtime and regulated garbage.

	ADS fees >5% higher than DAL
	ADS fees within ±5% of DAL fees
	DAL fees >5% higher than ADS

Staff recommends approval of the Customs fee schedule proposed on Slide 11 of this presentation, to be effective when the new U.S. Customs facility becomes operational.

Fee collection will be by means of an automated payment kiosk located on the airside of the entry door to the new U.S. Customs facility.

Questions?

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