

## **602 KAR 15:030. Fees for services and facilities of the Capital City Airport.**

RELATES TO: KRS Chapter 13B, 45.453, 174.504, 183.011(2), (5)

STATUTORY AUTHORITY: KRS 174.504

NECESSITY, FUNCTION, AND CONFORMITY: KRS 174.504 requires the cabinet to promulgate administrative regulations establishing fees for users of the services and facilities of the Capital City Airport (CCAD) and for the usage of state aircraft. This administrative regulation establishes hangar fees, tie-down fees, fees for fuel and lubricants, fees for aircraft services, and usage fees for state aircraft pursuant to KRS 174.504.

### **Section 1. Definitions.**

- (1) "Aeronautical activity" means an activity that involves, makes possible, or is required for the operation of aircraft or that contributes to or is required for the safety of operations.
- (2) "Aircraft" is defined by KRS 183.011(2).
- (3) "Airport" is defined by KRS 183.011(5).
- (4) "Airport manager" means the designated individual appointed by the airport owner authorized to administer and manage the operations of the airport and airport facility.
- (5) "Aviation fuel" means a specialized type of petroleum-based fuel that is used to power aircraft including jet fuel and aviation gasoline.
- (6) "Fixed cost" means the cost or expense of operating aircraft that result from owning and supporting the aircraft including costs for insurance.
- (7) "Hangar" means a type of enclosed structure designed to hold one (1) or more aircraft and items incidental to the operation and maintenance of the stored aircraft.
- (8) "Hobbs meter" means a device that measures elapsed time that is wired in series with the collective control and a switch activated by engine or transmission oil pressure.
- (9) "Lease" means the written contract between the airport or airport owner and a lessee specifying the terms and conditions under which the lessee may conduct commercial or aeronautical activities on or at the airport.
- (10) "Periodic cost" means the cost or expense for modernization, painting, or refurbishment.
- (11) "State aircraft usage" means the use of state aircraft for on-demand air transportation by state officials and employees traveling on official state business.
- (12) "T-hangar" means a type of enclosed structure designed to hold a single aircraft in protective storage.
- (13) "Tie-down" means an outdoor spot used by smaller aircraft to park that usually has a set of three (3) ropes for tying down the aircraft.
- (14) "Variable costs" means the costs or expenses that vary depending on how much an aircraft is used including crew fees, maintenance, fuel, and landing and tie-down fees.

### **Section 2. Rates and Charges.**

- (1) The airport manager shall maintain a current schedule of rates and charges for the use of the airport and its facilities.
- (2) Unless otherwise provided by lease or agreement, a person shall not use an area of the airport or the airport's facilities without payment of the rates and charges established in this administrative regulation except areas designated for open use by the general public.

### **Section 3. Hangar Fees.**

- (1)
  - (a) The rental fee for a hangar shall be set at a fixed price per square foot of the leased space and calculated by multiplying aircraft length x width x seventy-five (75) percent x cost per square foot.
  - (b) Pricing for the cost of a T-hangar shall be based on the size of the hangar and calculated by multiplying the square footage x cost per square foot.
- (2) The cost per square foot shall be:
  - (a) \$0.21 for small single engine airplanes and helicopters; and
  - (b) \$0.24 for larger twin engine airplanes.

### **Section 4. Tie-down Fees.**

- (1) Tie-down and parking rent fees shall be set at a fixed price consistent with the average rate for tie-down spaces at other airport facilities in the geographical area.
- (2) Transient aircraft shall be charged a nightly rate for tie-down storage. The fee for the first night shall be waived if fuel or other purchases at the airport exceed the tie-down fee.
- (3) Prior to the beginning of each fiscal year, the airport shall review the rates and charges for transient aircraft and compare them with the rates in effect at non state-owned airports in the geographical region.

### **Section 5. Building and Office Lease.**

- (1) Fees for building or office lease shall be set at a fixed price per square foot of the leased space.

(2) The fee shall be calculated pursuant to the guidelines established by the Finance and Administration Cabinet in State Facility Rent and Utility Rates on the State Budget Director's Web site at [https://osbd.ky.gov/Documents/KBUD%20Information/1820%20KBUD%20Information/Facilities\\_rates\\_18-20.pdf](https://osbd.ky.gov/Documents/KBUD%20Information/1820%20KBUD%20Information/Facilities_rates_18-20.pdf).

#### Section 6. Payment.

- (1) Rent may be paid to the airport in one (1) of the following ways:
  - (a) Issuance of a check made payable to the Kentucky State Treasurer; or
  - (b) Use of a major credit card.
- (2) Rent shall be paid as detailed in the tenant's lease and as established in paragraphs (a) and (b) of this subsection. Rent shall be paid:
  - (a) Annually in full with the first annual payment on or before the date the lease begins with subsequent payments yearly on the anniversary date of the lease; or
  - (b) Monthly installments payable at the beginning of each month.

#### Section 7. Adjustment of Rates and Charges.

- (1) Prior to the beginning of each fiscal year, the airport shall review the most current rates and charges to determine if they are consistent with the rates and charges in effect at non state-owned airports in the geographical region.
- (2) The airport may adjust the rates and charges in effect at the airport based upon the results of the review established in subsection (1) of this section.
- (3) The airport shall provide to a lessee not less than thirty (30) days written notice of an adjustment in the rates and charges.
- (4) The airport manager may waive ground support fees for:
  - (a) An organization or person engaged in a non-profit aeronautical program or activity that benefits a charitable organization or community; or
  - (b) A high volume fuel customer who purchases a minimum of 300 gallons or more of aviation fuel.

#### Section 8. Aviation Fuel.

- (1) The airport shall have the exclusive right and control of the sale of aviation fuel sold at the airport.
- (2) The selling price for aviation fuel sold at the airport shall be based on:
  - (a) Weekly wholesale price;
  - (b) Applicable state and federal taxes; and
  - (c) A survey of aviation fuel prices at similar airports in the geographical region.

#### Section 9. Ground Support.

- (1) Ground support services offered by the airport shall include:
  - (a) Heating of aircraft engine;
  - (b) Power assistance to start engine;
  - (c) Aircraft towing; and
  - (d) Use of forklift.
- (2) A fee for a ground support service shall be consistent with the average rate or charge for identical or similar services at airports in the geographical area.

#### Section 10. State Aircraft Usage Fees.

- (1) The costs of operating the state aircraft program for state officials and employees shall be recouped by the CCAD.
- (2) Aircraft costs shall be calculated annually to compute an operating cost per flight hour.
- (3) Calculations shall be based on a three (3) to five (5) year average of:
  - (a) Fixed costs;
  - (b) Periodic costs; and
  - (c) Variable costs.
- (4) The formulas established in paragraphs (a) and (b) of this subsection shall be used to calculate the annual cost of operation for each aircraft and to determine the hourly cost of operation rate.
  - (a)  $(\text{Annual Variable Costs}) + (\text{Annual Fixed Costs}) + (\text{Annualized Periodic Cost}) = \text{Total Annual Cost of Operation}$ .
  - (b)  $(\text{Total Annual Cost of Operation}) + (\text{Annual Hourly Usage}) = \text{Total Hourly Cost of Operation}$ .
- (5) Hourly fees charged for usage of aircraft owned and operated by the Kentucky Department of Aviation are available on the Capital City Airport Web site at <https://cca.ky.gov> or <https://transportation.ky.gov/Aviation/Pages/Aircraft-Fleet-Services.aspx>.
- (6) Insurance for state aircraft shall be covered by an aviation liability insurance policy obtained and coordinated through State Risk and Insurance Services.

#### Section 11. Measurement of Flight Time for State Aircraft.

- (1) The measurement of flight time shall depend on the type of aircraft.

- (2) Flight time for a helicopter shall be measured with a Hobbs meter.
- (3) Flight time for an airplane shall be measured from its takeoff roll until the airplane arrives at its destination and shall be computed in hours and tenths.

Section 12. Billing for Usage of State Aircraft.

- (1) A state agency using an aircraft shall be billed for the associated costs after each flight.
- (2) Billing shall be based on the hourly cost of operation and the hours the aircraft was used regardless of the number of passengers.
- (3) If repositioning the aircraft to accomplish the intended flight is necessary, a customer shall be charged for the flight time required to reposition the aircraft.
- (4) If it is necessary to fly without passengers in order to accommodate a customer's schedule, that time shall also be included in the charge.
- (5) A bill shall be paid by the user of a state aircraft within thirty (30) days of service pursuant to KRS 45.453.

Section 13. Penalties.

- (1) An interest penalty of five (5) percent shall be assessed each thirty (30) day billing cycle that an account remains in arrears.
- (2) A delinquent account shall be referred for legal action after ninety (90) days.
- (3) A party aggrieved by the findings of the airport may request an administrative hearing. The request shall be in writing and postmarked within twenty (20) days of the notice.
  - (a) A request for a hearing shall detail the grounds on which the hearing is requested.
  - (b) The hearing request shall be addressed to the Transportation Cabinet, Department of Aviation, 200 Mero Street, Frankfort, Kentucky 40622. The administrative hearing shall be conducted pursuant to KRS Chapter 13B.

(44 Ky.R. 705, 1520; eff. 1-30-2018; Crt eff. 3-26-2019.)