

TRI-CITIES AIRPORT (TRI)
TRI-CITIES AIRPORT AUTHORITY

FY 2027 STATEMENT OF
AIRLINE RATES AND CHARGES

EFFECTIVE
JULY 1, 2026 - JUNE 30, 2027

Prepared
June 30, 2026

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Introduction

The Tri-Cities Airport Authority (TCAA or Authority) has prepared this Statement of Airline Rates and Charges to summarize the calculation of airline rates and charges to be in effect for the period July 1, 2026 through June 30, 2027 for scheduled passenger airlines serving Tri-Cities Airport, Blountville, Tennessee (TRI or Airport). This rate setting philosophy incorporates a Terminal rental rate calculated in a compensatory manner (i.e., tenants pay only for their share of the facility occupied); and a landing fee rate based on an airfield residual cost center approach wherein the cargo and passenger carriers pay the net costs of the landing field, after receiving credit for airfield-related general aviation revenue generated at the Airport. A summary of the proposed Rates and Charges is provided in **Table 1**.

Note that for FY 2021, the Authority lowered Airline Rates and Charges by 5.0% across the board from FY 2020 levels in response to the Covid 19 pandemic and it's effects on passenger traffic and airlines activity. This reduction was maintained through FY 2022. In FY 2023, the Airline Rates and Charges were adjusted back to the FY 2020 levels, but not otherwise increased as passenger traffic appeared to have returned to pre-pandemic levels. Airline Rates and Charges for FY 2024 were maintained at the same level as FY 2023.

1) *Airline Activity Projections*

Table 2 (5-Year Activity Statistics) presents enplanements and landed weight data for a five fiscal year period. Note that both FY 2026 and FY 2027 data is projected. Compared to FY 2026, projected FY 2027 total enplanements are expected to increase by approximately 6%. Total Aircraft Landed Weight is projected to increase by approximately 6%.

Table 3 (Airline Activity Projections) provides the annual totals for enplanement and aircraft landed weight data. Since the Covid-19 pandemic, airline flight schedules have been limited in availability and of shorter time window duration as in prior years. Accordingly, the Authority has relied on the most current actual data available and a conservative approach anticipated increases has been to factor them at approximately one-half of the current actual trend.

2) *Debt Service*

In 2014, Sullivan County, on behalf of the Authority, issued $2.975 million in bonds to refinance in advance of its maturity the Authority's outstanding Airport Revenue and Tax Bonds, Series 2003, which were issued for the construction of a rental car service facility and ready/return lot, expansion of the public parking facilities, and construction of a cargo building. These bonds were being repaid with Rental Car Contract Customer Facility Charge (CFC) revenues and general airport revenues. At the end of FY 2023 the Airport Revenue and Tax Bonds, Series 2003 were called and retired. Therefore, no debt service requirement is included in the terminal or airfield rate base calculations.

In 2018, the Authority issued $8.5 million in bonds to pay the costs of construction, site development, infrastructure, paving and utilities for Aerospace Park, a 160 acre, build- ready site that offers direct airfield access on Airport property to promote and accommodate air

travel, commerce and navigation. These bonds are being repaid by a pledge of the net revenues of the Aerospace Park development and, until the Aerospace Park net revenues are sufficient to cover the debt service on the Series 2018 bonds, an Intergovernmental Financing Agreement where the Tennessee Authority Members have pledged to pay their applicable pro-rata share of the principle and interest on the Series 2018 Bonds. Therefore, no debt service requirement is included in the terminal or airfield rate base calculations.

Table 5 (Debt Service) presents the annual estimated debt service requirements on the Series 2018 Aerospace Park Bonds. A net debt service of approximately $468,606 is required from Other Airport revenues with regard to the Series 2018 Bonds, none of which is included in the airline rate base.

3. Operating Expenses

Table 6 provides a Summary of Operating Expenses and Non-Airline Revenue. For the purpose of developing this Statement of Airline Rates and Charges, the Airport has allocated cost to the following cost centers: Airfield, Terminal, and Other. An additional calculation is made to separate the Apron Cost from the Terminal cost center. Airport Operating costs or expenses capable of being identified as being attributed directly to a particular cost center are allocated directly to that cost center. Costs or expenses which cannot be directly attributed to one specific cost center are allocated to the Airfield, Terminal, and Other cost centers on a reasonable basis.

Table 7 (Operating Expense Cost Center Allocation) shows how operating expenses have been allocated to the Airfield, Terminal, and Other cost centers.

Table 8 (Operating Expense Projections) provides the current line-item operating and maintenance expenses for Projected Year-End FY 2026 and Projected FY 2027.

4. Operating Revenues (Excluding Airline Rent and Landing Fees)

Table 9 (Non-Airline Revenue) presents projections of operating revenues exclusive of airline terminal rent and landing fees. The Authority's largest sources of nonairline revenue include parking revenues and rental car concession fees.

5. Capital Improvement Program

Table 10 (FY 2026 Capital Projects Budget) and **Table 11 (FY 2027 Capital Projects Budget)** present the Authority's planned Capital Improvement Program and sources of funding. **Table 12** presents information on the Authority's Discretionary Funds projects. The Authority has set a goal of keeping the airline rates and charges as low as operationally practical. Toward this goal, the Authority has maximized the use of federal, state, and Passenger Facility Charge (PFC) funding for capital projects. No capital improvement program costs have been included in the Proposed Terminal Rental Rate or Landing Fee rate for FY 2027.

6. Terminal Apron Charge

Table 13 (Terminal Apron Charge Calculation) provides a calculation for the Terminal Apron Charge. This charge allocates the cost associated with operation and maintenance of the air carrier ramp, and ramp lighting system. Specific costs associated with the Terminal cost center have been allocated to the Terminal Apron. These specific costs include an allocation of apron lighting utility cost, Maintenance Department cost, and associated Administrative costs. The annual allocation of these costs provide the Total Annual Apron Requirement. The Apron Requirement is divided by the total number of projected airline departures. The resulting Terminal Apron Charge per turn is adjusted for FY 2027 at $12.50 per turn.

7. Terminal Rental Rate

The Terminal rental rate in **Table 14 (Terminal Rental Rate)** has been calculated on a compensatory basis. The total requirement of the rate base consists of direct and indirect operating expenses. No O&M reserve or debt service obligation is included in the FY 2027 terminal rental rate calculation. Deductions are made to the total requirement for expenses reimbursed directly by various airline tenants. These reimbursements include payments for airline jetway usage, utilities, janitorial, trash services, and terminal apron charges. This net requirement is then divided by Total Useable Terminal Space square footage to arrive at the calculated Terminal rental rate.

The normally calculated Terminal Rental Rate would be $64.37 with the Capital Improvement Program costs included. The calculated rate with the Capital Improvement Program cost excluded would be $61.62.

As shown in Table 14, the Proposed Terminal Rental Rate for FY 2027 will be set at $42.00.

The rentals associated with the Airline Common Use Areas will be charged to each carrier based on a common use formula that apportions each carrier its share based on each carriers percentage of total enplanements.

8. Landing Fees

The total requirement for determining the landing fee rate summarized in **Table 15 (Landing Fee Rate)** consists of Airfield direct and indirect expenses, and any capital project expense attributable to the Airfield cost center. No O&M Reserve or any debt service obligation is included in the landing fee rate calculation. The net requirement to be paid by signatory air carriers is determined by crediting the total requirement with an amount equal to the Public Safety and Security Charge, non-signatory landing fees, ground equipment storage fees, FBO and corporate hangar fuel flowage fees, and GA self-fueling fees. The net requirement is then divided by the estimated signatory landed weight for passenger airline and cargo carriers to determine the calculated landing fee rate.

The Authority has maintained a conservative approach to capital projects implementation and has continued to minimize operating expenses in an effort not to increase the landing fees. The normally calculated landing fee rate would be $37.36 with the Capital Improvement

Program costs included. The calculated landing fee with the Capital Improvement Program cost excluded would be $12.90. However, TCAA is not planning to recover the fully allocated amount through the Landing Fee Rate for FY 2027.

As shown in Table 15, the Proposed Landing Fee rate for FY 2027 will be set at $3.25.

9. Public Safety and Security Charge

The Public Safety and Security Charge is intended to provide for a portion of the Airport's Aircraft Rescue and Fire Fighting (ARFF) requirements, security requirements, and other Public Safety Department functions associated with scheduled airline service. This charge is based on recovering 50% of the Public Safety Department's total annual operating budget and is projected to be $767,500 for FY 2027. This charge is deducted from the landing fee requirement on Table 15 prior to calculating the Net Requirement for the Airfield. The Public Safety and Security Charge will be allocated to each airline based on the number of actual airline arrivals. Each carrier will be apportioned its percentage of this charge based on each carrier's actual percentage of the total air carrier arrivals.

10. Airline Cost Per Enplanement

The projected airline cost per enplanement is presented in **Table 16 (Airline Cost Per Enplanement)**. The signatory airline cost per enplanement is projected to be $11.08 for FY 2027.

11. Terminal Space Description

The following definitions apply to the descriptions of Airline space within the Terminal Complex:

"Airline Common Use Areas": Airline Common Use Areas refer to the areas of the Terminal Complex that are located in such a way that the primary use of these areas is to provide for passenger related functions of the airlines serving the Airport. Airline Common Use areas include the Concourse area, Baggage Claim Area, and Ticketing Lobby used in common by Scheduled Airlines. These Airline Common Use Areas are depicted in Exhibits A-4, A-5, and A-6.

"Concourse": Concourse refers to the post-security check point area of the Terminal Complex used by the Airlines to facilitate the enplaning and deplaning of passengers.

"Concourse Gate Position": Concourse Gate Position refers to a specific gate area, counter/podium, passenger seating area, terminal ramp access doorways, and aircraft parking position that has been assigned to an airline or aircraft operator on a Preferential or Non-Preferential Use basis.

"Exclusive Use Areas": Exclusive Use Areas refer to those areas of the Terminal Complex for which Airlines have been assigned the right to exclusively use in accordance with a written agreement between the airline and the Authority. Airline Exclusive Use Areas are depicted in Exhibit A-3.

“Joint Use Areas”: Airline Joint Use Areas refer to ticket counter, operations, and other areas that are made available to multiple airlines or aircraft operators on a non-exclusive basis. Joint Use Areas are depicted in Exhibit A-3.

“Preferential Assignment”: Preferential Assignment refers to the right of an airline to use Concourse Gate Positions on a preferential but non-exclusive use basis.

“Preferential Use Areas”: Preferential Use Areas refer to specific passenger hold rooms and gates positions in the Airline Common Use Area of the Concourse for which specific Airlines have been given a Preferential Assignment on an non-exclusive basis. The Authority reserves the ability to assign Non-Preferential Users the right to use such hold rooms and gate positions when not being used by a preferentially assigned airline.

“Non-Preferential User”: Non-Preferential User refers to an airline or aircraft operator that has not received a Preferential Assignment or Exclusive Use assignment of space within the Terminal Complex.

“Terminal Complex”: The Terminal Complex refers to areas associated with the terminal building structure, terminal building systems, terminal building interior spaces, the Concourse, and associated connecting walkways. The Terminal Complex is depicted in Exhibits A-1 and A-2.

“Usable Terminal Space”: Usable Terminal Space refers to the gross square footage of the Terminal Complex, less the square footage deducted for electrical, communications, utility, and other mechanicals space.

Exhibits A-1 (Main Level) and A-2 (Lower Level) provide an overall view of the Terminal Complex for the Airport. The Authority has used a comprehensive process to measure the Terminal Complex floor spaces using Computer-Aided Design (CAD) techniques. Field measurements were used as the basis for the development of the Terminal Complex CAD floor plans. The data obtained from this recent CAD process is considered to be the most current and accurate representation of the Terminal Complex floor space.

A summary of the various categories of floor space within the Terminal Complex is provided in **Table 4 (Terminal Space Summary)**. After reducing the total terminal space by the amount of mechanical space, the Total Usable Terminal Space is calculated to be 97,106 square feet. The total Airline Common Use space is 15,278 square feet.

Table 1
Tri-Cities Airport Authority (TRI)
Airline Rates and Charges
FY2027
Prepared: June-2026

Summary of Airline Rates and Charges

SCHEDULED AIRLINE RATES		Current FY 2026		Approved FY 2027
Landing Fee Per 1,000 lbs.	$	3.00	$	3.25
Terminal Building Rental Rates (per square foot)	$	40.00	$	42.00
Apron Charge Per Turn	$	12.00	$	12.50
Passenger Loading Bridge Charge Per Use	$	26.00	$	28.00
Joint Use Ticket Counter Fee Per Departure	$	46.00	$	48.50
Ground Handling Per Turn (TCAA Crew)	$	495.00	$	520.00
CHARTER /NON-SCHEDULED RATES				
Charter/Non-Scheduled Landing Fees Per 1,000 lbs.	$	4.00	$	4.25
Joint Use Ticket Counter Fee Per Departure	$	46.00	$	48.50
Apron Fee Per Turn	$	12.00	$	12.50
Passenger Loading Bridge Fee Per Use	$	26.00	$	28.00
Terminal Facility and Public Safety Fee Per Turn				
Category 1 (0 to 9 seat aircraft)	$	58.00	$	61.00
Category 2 (10 to 19 seat aircraft)	$	123.00	$	129.00
Category 3 (20 to 30 seat aircraft)	$	188.00	$	197.00
Category 4 (30 to 75 seat aircraft)	$	485.00	$	510.00
Category 5 (76 to 169 seat aircraft)	$	793.00	$	833.00
Category 6 (170 and above seat aircraft)	$	1,100.00	$	1,155.00
Ground Handling Per Turn (TCAA Crew)	$	750.00	$	775.00
AIR CARGO RATES				
Scheduled Air Cargo Airline Landing Fee Per 1,000 lbs.	$	4.00	$	4.25
Non-Scheduled Air Cargo Landing Fee Per 1,000 lbs.	$	4.00	$	4.25
Air Cargo Ramp Fee Per 1,000 lbs. of Aircraft Wt. (up to 12 hrs.)	$	1.65	$	1.75
Air Cargo Overnight Ramp Fee (12 hrs.-24hrs.) per 1,000 lbs.	$	3.30	$	3.50
Air Cargo Center Facility (building) Fee Per Use	$	105.00	$	110.00
Air Cargo Center Facility (building) Fee Per Day/Bay	$	262.00	$	265.00
OTHER				
Ice Per Bag	$	3.50	$	3.50

In addition to the rates and charges established in this document for commercial aeronautical use of TCAA Facilities, the TCAA Board approves that the TCAA President and CEO has the authority to set rates and charges for TCAA business operations involving Fixed Base Operations, aeronautical land leases, non-aeronautical leases and operating agreements, concession fees, and other revenues though product pricing, lease negotiations, and market evaluation.