



June 30, 2025

Matt Staehling
Duluth City Administrator
411 West First Street
Duluth, MN 55802

Dear Mr. Staehling,

The Duluth Airport Authority (DAA) is presently engaged in an appeal to the Duluth Public Utilities Commission concerning the assessment of stormwater fees on property at the Duluth International Airport and Sky Harbor Airport. While the details of that matter will be discussed in that proceeding, the appeal has highlighted an ongoing issue that has arisen in the past in other contexts: the City's reluctance to acknowledge its role and responsibilities as the federally obligated sponsor of both Airports.

As brief background, under a federal grant program known as the Airport Improvement Program (AIP), the Federal Aviation Administration (FAA) has the authority to issue grants to airport "sponsors" for a variety of airport capital, planning, and noise mitigation projects. Upon acceptance of AIP funds, sponsors must agree to a series of "Grant Assurances" that are set by statute but implemented by the FAA through contractual grant agreements. Failure to comply with the Grant Assurances can result in the loss of eligibility for further federal funds.

The City at large – and not DAA – is the FAA-recognized sponsor of both Airports.¹ The City is therefore legally responsible for compliance with the Grant Assurances. Despite the City's legal status as the sponsor, DAA understands and accepts that it is practically responsible for compliance with many of the Grant Assurances. But the FAA would look to the City as the sponsor to remedy any alleged violation of the Grant Assurances, even if the allegation is nominally within DAA's purview. There are also certain matters that are outside of DAA's direct control but have a bearing on overall compliance with the Grant Assurances.

To that end, DAA requests that the City acknowledge its role as sponsor and, more importantly, proactively cooperate with DAA to ensure that the requirements of the Grant Assurances are met and the federal funding eligibility for both Airports is preserved. In the immediate term, this requires an adjustment to DAA's stormwater fees as described in DAA's appeal to the Duluth PUC.

¹ See FAA, FY 2024 FAA Grant Detail Report (last updated Oct. 1, 2024), <https://www.faa.gov/sites/faa.gov/files/2024-10/FY2024-AIP-grants.pdf> (listing City of Duluth as sponsor for three separate grants).



DAA would like to schedule a meeting to discuss the City's sponsorship role and the stormwater matter at your earliest convenience. We are happy to provide any additional information ahead of that meeting to better facilitate the conversation.

Sincerely,

Tom Werner, A.A.E.
Executive Director
Duluth Airport Authority