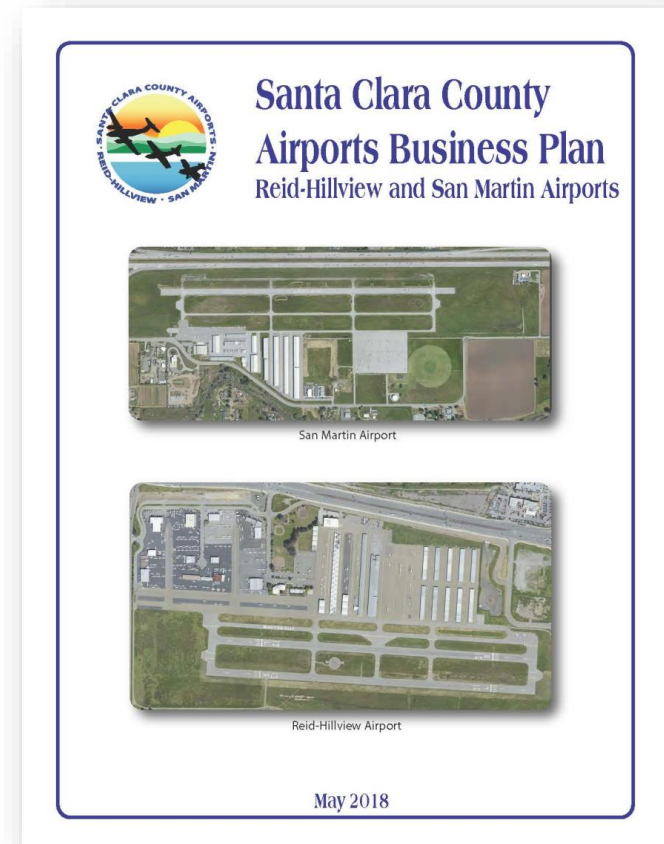


# County Airports Business Plan Update

Board of Supervisors  
December 4, 2018



[www.countyairports.org](http://www.countyairports.org)



# Outline

1. Introduction
2. Scope of Business Plan
3. Background
4. Proposed New Plan
  1. Key Components
  2. FBO Development
  3. Property Release
  4. Facility Needs
  5. Grants
5. Staff Recommendation & Options



# Introduction

- Costs are increasing faster than revenue
  - Less aircraft storage though more flights
- Staffing has declined
  - Currently 9 positions
- Leases are due for renewal
  - RHV leases up in 2021 SM in 2020
- Maintenance is poor
  - Airfield and facilities



# Scope of Business Plan

1. Perform Analysis of Airport Enterprise Fund Overall and Finances of Each Individual Airport
2. Define interrelationship between Airport Enterprise Fund Operating and Capital Budget
3. Identify Revenue Stream Diversification, New Revenue Opportunities, Cost Savings Measures
4. Examine and Update Schedule of Fees and Charges





# Scope of Business Plan

5. Determine Re-Lease Strategy for FBO Leaseholds
6. Determine Viability of Non-Aviation Commercial Development
7. Create Long-Range Maintenance Plan for Airports Infrastructure
8. Determine Role of Federal Airport Improvement Program (AIP) Grants to Fund Capital Improvements



# Reid-Hillview Background

- Originally opened 1939 as Reid's Hillview Airport
- County purchased 1961
- Approximately 475 based aircraft
- 2017 Annual Operations, 163,000
- 1978 Annual Operations, 395,000



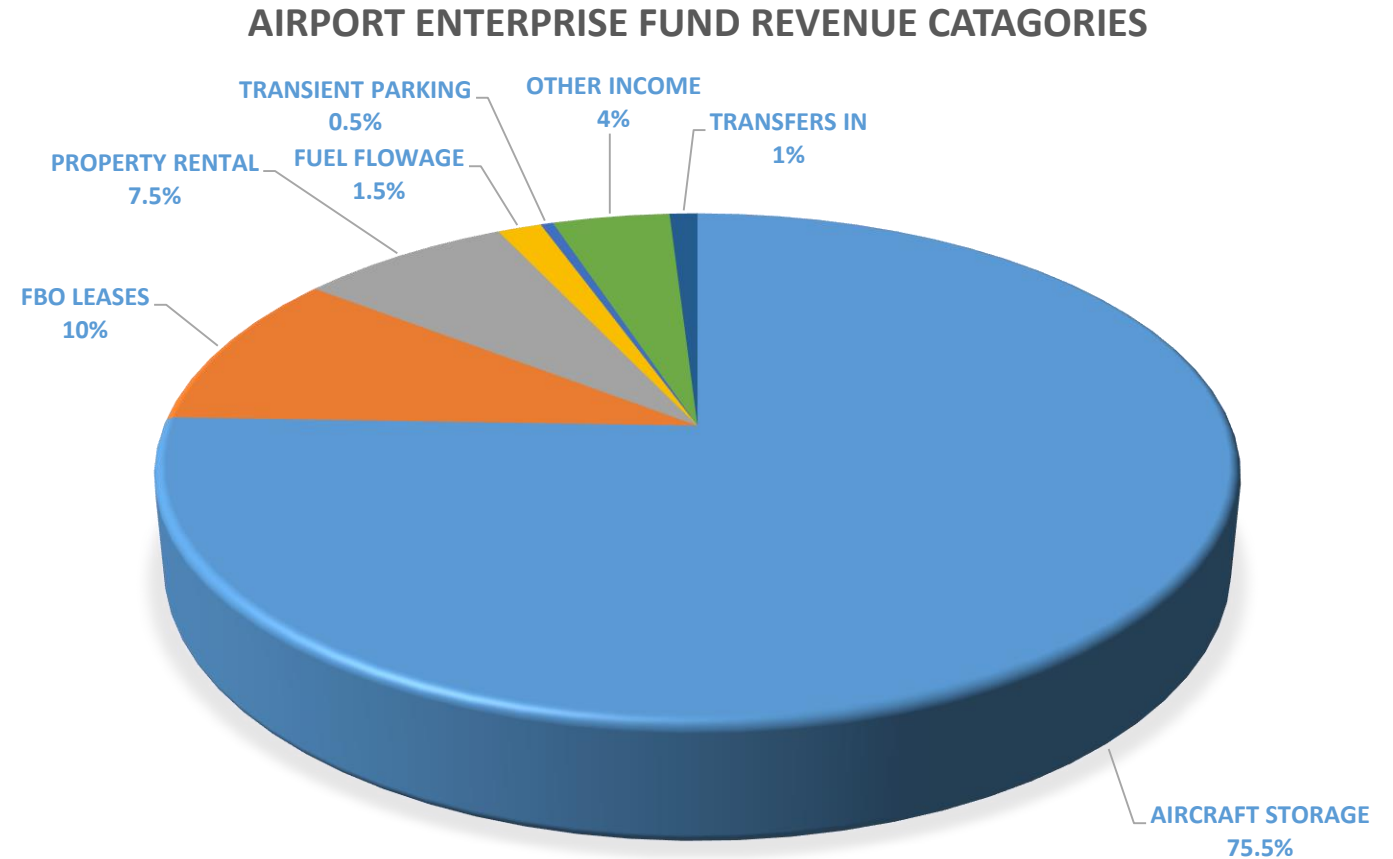
# San Martin Background

- Constructed by the County
- Opened in 1972
- Approximately 150 based aircraft
- 2017 Annual Operations, 32,000
- 1997 Annual Operations, 60,000



# Revenues

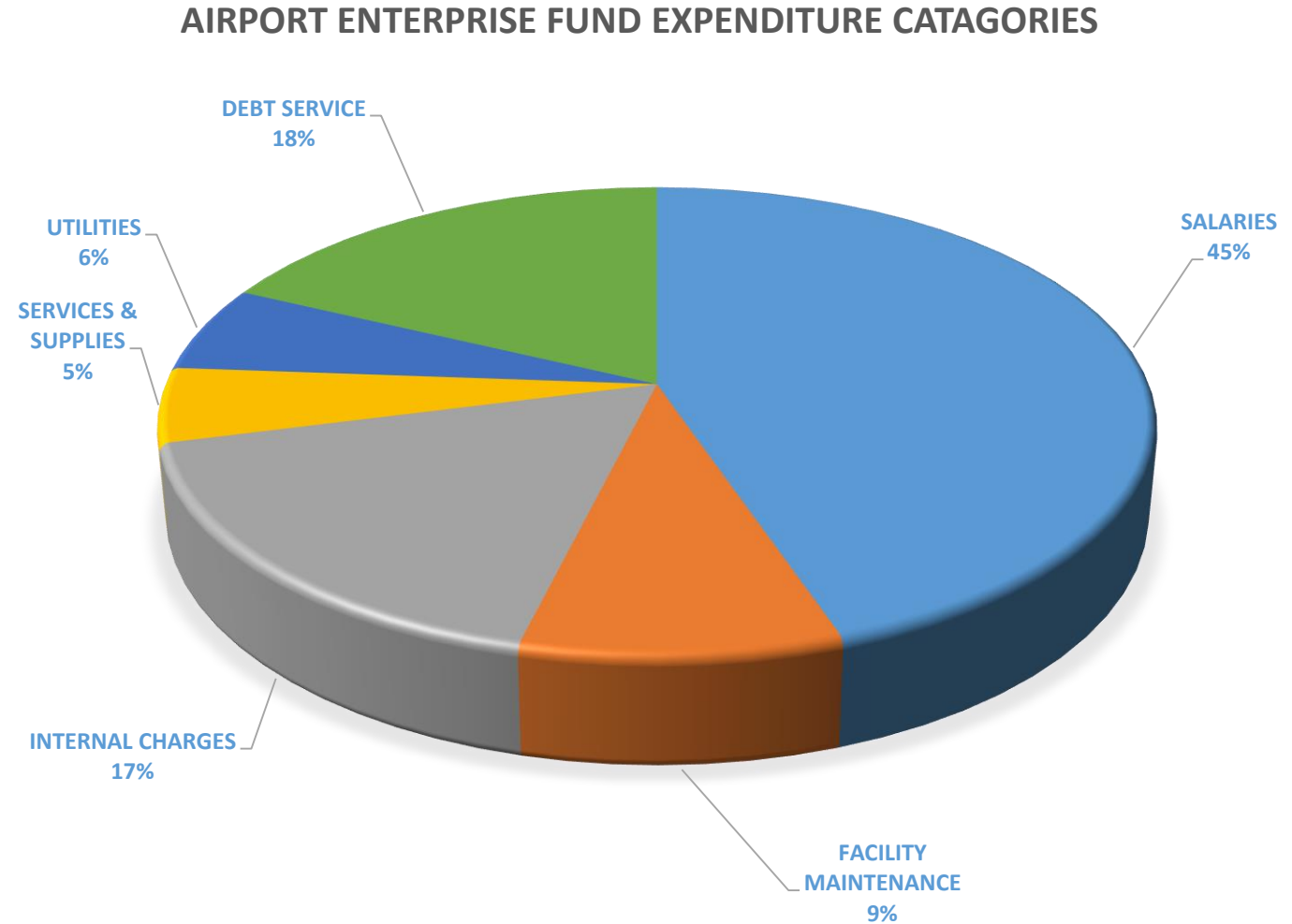
- Annual Budget \$2.7 Million
- Aircraft storage 75%
- FBO leases 10%
- Rental income 7.5%






# Expenses

- Salaries & Benefits 45%
- Debt Payments 18%
  - Pavement loan
  - SM Hanger loan
- County Services 17%
- Facility Maintenance 9%



# The Plan

- Increase revenue
  - Non-aviation use, community benefiting parcels, FBO, solar, fees
- Increase maintenance
  - 10 year improvement plan \$20 million
- Accept AIP grants
  - Last grant accepted in 2011
  - Limited to airfield improvements



**Santa Clara County**  
**Airports Business Plan**  
Reid-Hillview and San Martin Airports



San Martin Airport

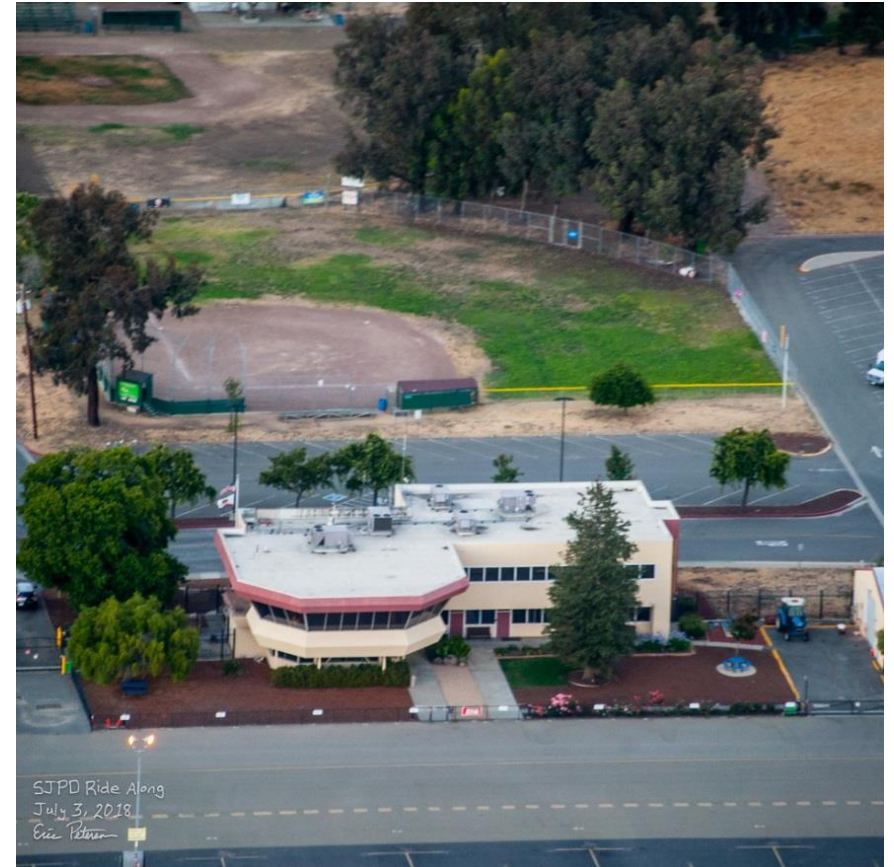


Reid-Hillview Airport

May 2018

# Increase Revenue - Non-Aviation Use

- County Airports have excess land
- Strategy is to monetize
- Common strategy for GA airports
- FAA must authorize non-aviation use
  - Property Release
- Six parcels at RHV, two at SM
- Expected to take several years, RFP, lease negotiation, land use approvals, construction





# Increase Revenue - Community Benefitting Uses

- Eastridge Little League (RHV)
- Lions Club (SM)
- Not market rate - not appropriate for Enterprise fund
- Do not recommend removing either use
- Recommend appropriate funding be developed through the budget process



# Increase Revenue - RHV FBO

- Current leaseholds expire December 2021
- Reduce number of leaseholds
- Provide full-service transient services
- Maintain competitiveness services
- Use property more efficiently
- Improve quality of the buildings and grounds
- Free up new non-aviation parcel and ramp space





# Increase revenue - RHV FBO

- More coherent land use
- Eliminate cul-de-sacs
- New leaseholds have direct runway frontage
- Reclaim ramp space and aircraft operations area



# RHV FBO Layout



## Current

9 Leaseholds, 1.1 – 2.8 acres (17.8 acres)



## Recommended

2 Leaseholds, 7.0 acres each (14.0 acres)

# Increase Revenue - SM FBO

- Current leasehold expires Dec. 2020
- Lease maintenance hangar, office space, and ramp area to a SASO
- County assumes management of individual hangars on current FBO property
- County assumes management of self-fueling island





# Revenue Parcels Layout

## Private Use

1.	RHV Tully /Capitol Lease
3.	RHV Swift Ave. Lease
4.	RHV Laydown Yard Lease
5.	RHV NE Corner Lease
6.	RHV FBO Lease
7.	RHV Fuel Sales
8.	RHV/SM Solar Farm
9.	SM FBO Lease/Hangars

## Community Benefiting

2.	RHV Little League (Reimbursement)
10.	SM Lions Club (Reimbursement)



# Increase Revenue - Fees

- Decrease fees
- Decrease vacancy rate
- Increase overall revenue
- Santa Clara County is higher than many local airports
- Reducing SM hangar rates
- Reducing all tie-down rates

## Schedule of Fees and Charges for Santa Clara County Airports

On each July first of every year, all rates in Section A. "County Based Aircraft", Section B. "Non-Based Aircraft" and Section C. "Other Charges" for the ensuing twelve (12) months shall be adjusted upward in the same percentage proportion that the Consumer Price Index of the San Francisco-Oakland area of the United States Department of Labor, Bureau of Labor Statistics, increases over the Consumer Price Index of December 2014. In the case of a CPI decrease the rates will remain the same.

All fees are rounded to the nearest fifty cents (\$.50).

All aircraft weights referenced in this document are defined by the aircraft manufacture and/or the Federal Aviation Administration (FAA) as the certified maximum gross take-off weight.

### A. County-Based Aircraft

	RHV		E16	
<u>Tail-In Open Tie-Down, improved pavement</u>	<u>Monthly Rate</u>		<u>Monthly Rate</u>	
0 to 3,500 pounds	\$148.50	A1	\$106.50	A5
3,501 to 5,200 pounds	\$172.50	A2	\$123.50	A6
5,201 to 10,200 pounds	\$194.50	A3	\$139.00	A7
10,201 to 17,000 pounds	\$216.50	A4	\$155.50	A8
<u>Tail-In Open Tie-Down, unimproved pavement</u>				
0 to 3,500 pounds	\$112.00	B1	\$81.00	B5
3,501 to 5,200 pounds	\$127.00	B2	\$91.00	B6
5,201 to 10,200 pounds	\$143.00	B3	\$102.50	B7
10,201 to 17,000 pounds	\$159.00	B4	\$113.50	B8
<u>Taxi-In Open Tie-Down, improved pavement</u>				
0 to 3,500 pounds	\$186.50	C1	\$134.00	C5
3,501 to 5,200 pounds	\$231.00	C2	\$165.50	C6
5,201 to 10,200 pounds	\$321.00	C3	\$229.50	C7
10,201 to 17,000 pounds	\$339.00	C4	\$272.00	C8
Large aircraft only designated tie-downs	\$339.00	C13	\$272.00	C15
Helicopter tie-downs	\$339.00	C14	\$272.00	C16
<u>Taxi-In Open Tie-Down, unimproved pavement</u>				
0 to 3,500 pounds	\$148.50	D1	\$106.50	D5
3,501 to 5,200 pounds	\$187.50	D2	\$134.00	D6
5,201 to 10,200 pounds	\$269.00	D3	\$191.50	D7
10,201 to 17,000 pounds	\$323.00	D4	\$230.50	D8
<u>Shelters</u>				
0 to 3,500 pounds	\$299.00	E1	N/A	
3,501 to 5,200 pounds	\$336.00	E2	N/A	
5,201 to 10,200 pounds	\$374.00	E3	N/A	



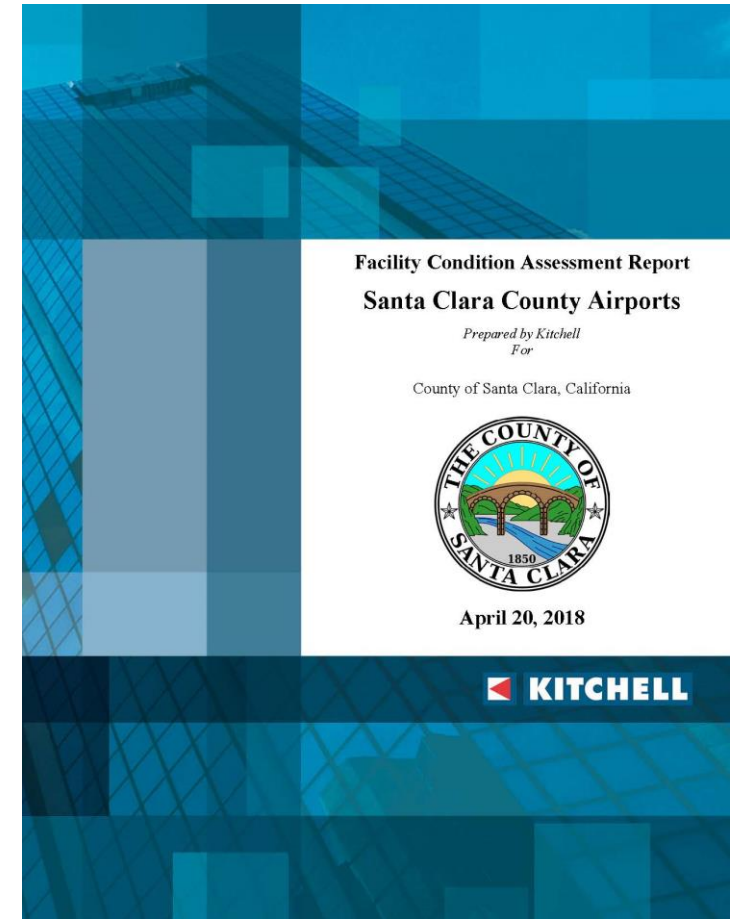
# Increase Maintenance - Airfield

Grant Eligible Capitol Projects	Needed 1-10 yrs
ALP Update, Pavement Management System	\$595,000
Perimeter Fencing Rehabilitation	\$960,000
RHV Safety Area Enhancements	\$2,500,000
SM Access Road	\$720,000
SM Backup Power Generator	\$110,000
SM & RHV Parking Ramp Rehabilitation and Runway and Taxiway Rehabilitation	\$6,800,000
	\$11,685,000



# Increase Maintenance - Facilities

- Includes
  - RHV Terminal Building
  - RHV Swift Ave Building
  - SM County Owned Hangars
- Does not Include
  - RHV Hangers
  - RHV FBO's
  - SM Private Hangers
- Identified \$9.8 Million over ten years



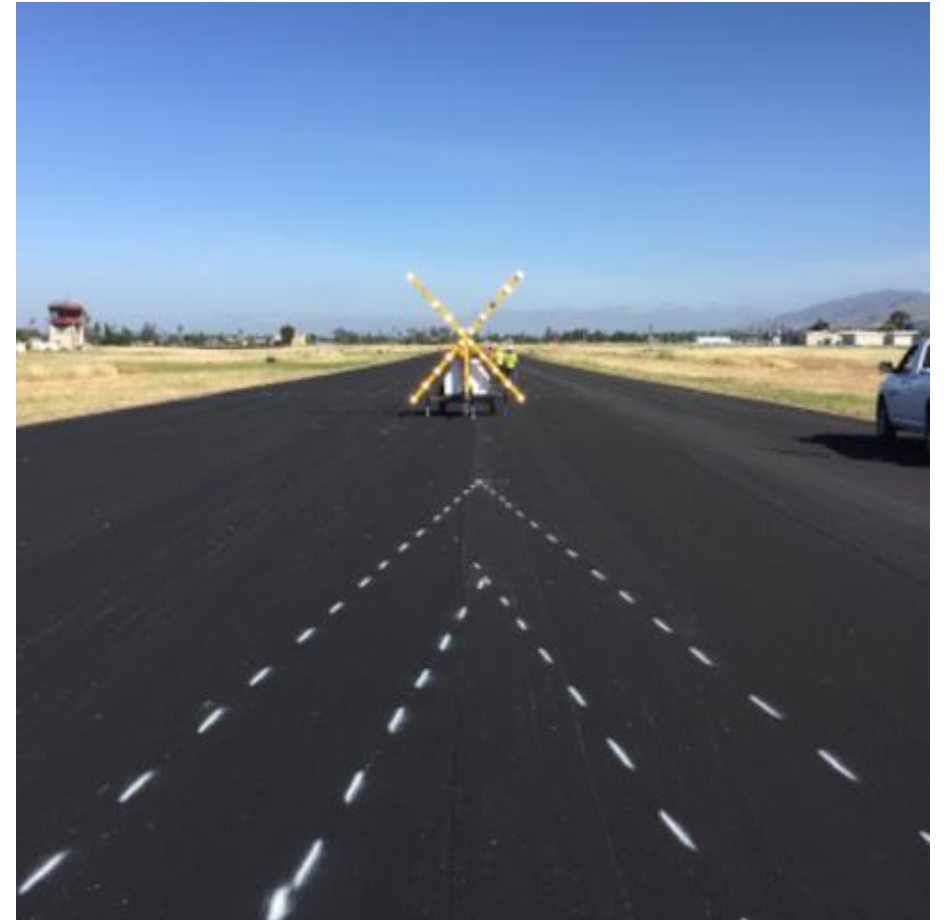
# Grants

- Majority of eligible airports take grants
- Used to improve airfield
- Last grants issued to the County in 2011
- Grants obligate the County to conform to Federal rules



# Grants

- Entitlement grant funding
  - Up to \$150,000 per airport per year
  - Reimbursement of eligible projects
- Discretionary grant funding requests compete with other airports projects
- Up to 95% of project costs eligible



# Grant Assurances

- Grant assurances last 20 years
  - Current assurances expire in 2031
- long-term requirements for operation of airport - Operate to FAA standards
- Without grant obligations the County **may** gain more local control





# Grant Risks

- 20 Year Obligation
- Required to keep operating
- Required to follow FAA regulations



# ANCA– Further Restricts Local Control

## Airport Noise and Capacity Act of 1990

- FAA retains control over creation of access restrictions at public use airports **regardless of grant status**



# Outreach and Coordination

November 2017	Airport Commission HLUET
December 2017	Airport Commission Board of Supervisors
January 2018	RHV Leaseholders SM Pilots and Neighbors
February 2018	RHV Stakeholders
March 2018	RHV Neighbors
May 2018	Airport Commission RHV Pilots and Neighbors SM Pilots and Neighbors
September 2018	Airport Commission X2
October 2018	HLUET



# HLUET Committee and “Option 3”

## Consolidation of RHV to San Martin

- New/updated Master Plan for San Martin
- New EIR/EIS for the Master Plan
- Approximately \$2.5 million
- About 3 to 4 years to complete

## Previous San Martin Master Plan

- Completed in 2006 – EIR/EIS not done
- Directed new aviation growth to San Martin
- New tower, taxiway, terminal, maintenance building, utilities, hangers, ramps, utilities
- Extended runway



# Stakeholder Concerns

- Neighbors concerns with noise, airborne lead, need for housing, safety of aircraft
- Students and SJSU need for aviation training and education
- Pilots concerned for preservation of airport for intended use
- FBO's concerned for preservation of airports for livelihood

# Discussion of Lead

- Aviation gasoline contains lead
- Lead monitor at RHV detects airborne lead below Federal and State thresholds
- Planes at RHV produce lead bearing exhaust which is detectable
- Children in surrounding zip codes have detectible lead blood levels
- Lead in blood can cause cognitive issues in humans particularly in children
- The source of the lead poisoning has not been determined or studied
- The surrounding zip codes have a predominate minority population and higher than average poverty rates

# Staff Recommendation

1. Receive Business Plan Update
2. Consider options discussed and provide direction
3. Direct staff to report back with a plan to analyze and address lead level issues
4. Direct Staff to accept Federal entitlement funds
5. Direct Staff to apply for AIP grants
6. Direct staff to request property releases from the FAA
7. Direct staff to prepare RFP for FBO property

# Alternative

1. Adopt a policy that SCC will not accept federal funds for RHV
2. Direct staff to accept entitlement funds for San Martin to repay loan
3. Direct staff to request property releases
4. Renegotiate existing leaseholds - to the extent possible

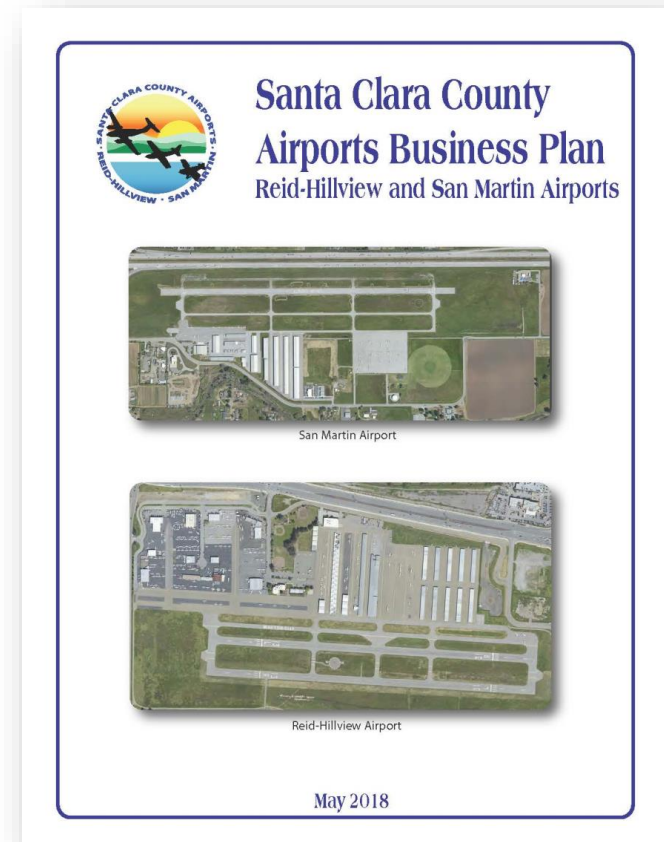


# Additional Options to Clearly State intent

5. Declare intent of not taking grants is to ultimately close RHV
6. Direct staff to prepare new Master Plan for San Martin in consideration of closure of RHV

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