



Date: June 1, 2018

From: CAAPSO

To: Eric Peterson, Santa Clara County Airports

Subject: CAPPSSO response to the May 9, 2018 Draft Airports Business Plan

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Harry Freitas indicated at the Community meeting in San Jose on May 22 that he welcomed additional comments, responses and suggestions to “improve” the Business Plan drafted by airport staff and Mike Murdter, with assistance of a variety of various consultants.. While several CAAPSO members spoke at both the Airport Commission meeting and the community outreach meetings, CAAPSO wanted to consolidate comments and formally respond to the draft plan. CAAPSO now represents several hundred members with an interest in Santa Clara County airports, and members include tenants and lessees, community members in the neighborhood, pilots and aircraft owners, and students and staff at San Jose State University.

CAAPSO is disappointed with the Business Plan, and hopes the Supervisors will reject it and advise staff to revise the Plan based on the following issues and concerns:

1. The report fails to confront and address the issue of refusal to accept FAA grant funding and either justify clearly the reasons for refusal or identify the full benefits of accepting grants. The Plan simply restates a pre-existing conclusion (apparently of Mr. Murdter with no further explanation, echoing his 2016 letter to airport tenants) that “flexibility” with respect to the property of the airports justifies turning down potentially more than \$10 Million during the study period, which might balance the Airport Enterprise Fund, repay the \$3 Million loan for current repaving, and enhance prospects for FAA approval of non-aviation usage for airport properties not needed for aviation. Continuing to refuse federal grants will send a clear message of intent to close Reid Hillview Airport, and likely

discourage any investment into the facility or buildings. The issue of grant funding needs a full and open discussion of real pro's and con's and the Supervisors need to be presented with options and their consequences

2. The Plan's presumed consolidation of FBO/SASO sites and leases at Reid Hillview from 9 to 2 is unrealistic and not credible. The proposed second FBO at San Martin airport is also unrealistic, without a commitment past 2031. Current leases run another 3 years, and Harry confirmed at the public meeting that RFP's and development approvals for new FBO's could take years. No reasonable business would invest substantial sums in facilities for the new FBO sites without a longer term commitment from the county to maintain the airport beyond 2031. There is no Return on Investment possible over a 5 to 7 year expected life of an FBO facility, and the ARIES consultant report affirmed that. Businesses need long-term stability to plan for and make investments in buildings and facilities, and the county's plan does not provide that commitment. In addition, failure to renew leases for current leaseholders past 2021 will lead to those businesses shutting down, depriving airport users of local options for maintenance, avionics service, fuel and flight training. If those businesses disappear, the number of based aircraft will decline.
3. The Plan's presumptions around commercial development of "Non-Aviation" use properties are also seriously flawed, as the staff acknowledged on May 22nd that prior requests to the FAA have been rejected, and that no effort was made during the preparation of the Business Plan to even discuss possible paths to approval directly with the FAA. Apparently the county is relying on a legal strategy of litigation as the primary means of enabling these developments. Such litigation is likely to be lengthy, expensive and result in uncertain outcomes. Even the revised inclusion of the county's expectation that the market rental value of the Little League fields will be transferred into the AEF from "some other county budget" is completely unsupported and speculative.
4. While the Plan mentions FAA grant funding in historical terms as providing several hundred thousand dollars per year, there is evidence to suggest substantially larger grants could be made available to Reid Hillview as a critical designated Reliever for San Jose Mineta Airport, serving a critical role in emergency services/disaster relief and in continuing to enable the rapid growth of San Jose Mineta Airport. Palo Alto Airport is receiving nearly \$9 million in grant funding from the FAA to completely refurbish aircraft parking and taxi facilities, in addition to runway maintenance. In addition, the new multi-year FAA

Authorization Bill just passed in Washington provides for substantial increases in grant funding for critical general aviation reliever airports.

For these reasons, CAAPSO requests the Business Plan be revised to address the issues of grant funding more directly, and that the presumptions and recommendations around FBO developments and non-aviation use development be revised to reflect a more realistic view of the true potential impact on airport revenues.

Regards,

David Goodin

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