Dear friends of the County airports,
Many of you have expressed questions and concerns to staff at the recent Airports Commission meeting and through Supv. Wasserman's office regarding my decision not to request authority from the Board of Supervisors to apply for FAA Airport Improvement Program (AIP) grants this fiscal year despite the fact that the skydiving issue has been resolved and the County is once again eligible to receive AIP funding. Some are interpreting this decision as evidence that the County is not concerned about the airport infrastructure or intends to let the airports deteriorate as a means to exit the airports business. Please allow me to set the record straight.

The fundamental issue is the relationship between AIP funding and the Airport Enterprise Fund (AEF) operating budget, which is under severe pressure due to the fact that costs are rising faster than revenue. Although the AIP has been an important source of infrastructure funding for the County airports, it comprises only one part of the airports' overall funding picture. A healthy operating budget combined with project-based AIP grants would be the ideal scenario, especially given the Board of Supervisors' directive that the AEF is to remain financially self-sustaining without support from the County General Fund. A robust operating budget provides the funding for the local match required for AIP grants, the funding to maintain the infrastructure that is built or rehabilitated using AIP grants (the AIP is capital project oriented) and all costs ineligible for AIP funding. Unfortunately, most of the deferred maintenance at the airports is ineligible for AIP funding and thus must be funded out of the operating budget.

Since the grant assurances that accompany AIP funding represent a long-term obligation on the part of the County, and the grants themselves place even more pressure on the operating budget due to the local match requirement and long-term maintenance costs of new infrastructure as discussed above, I am reluctant to recommend to the Board that the County take on any new obligations without a reasonable certainty that the operating budget is sustainable and sufficient to meet these obligations over the long term. Fortunately, we have tremendous untapped potential to expand our operating revenue by virtue of the airports' real property assets. As you may recall, the RHV Master Plan identifies several areas of the airport for non-aviation commercial development to generate revenue for the AEF. Our immediate priorities are the vacant property at the corner of Tully/Capitol for non-aviation commercial development, the area on the west side of the RHV airfield to site a solar array, and an area of San Martin Airport to also site a solar array, all of which would generate badly needed revenue for the AEF. Before these properties can be developed for the desired uses, the FAA must formally approve by granting a "property release". We applied for these releases for all three properties some time ago and await FAA action. Airports Director Eric Peterson and I met with representatives from the FAA Airports District Office (ADO) in Brisbane recently to communicate the above concerns and advocate for expeditious processing of the property releases. Once we receive them and can thus proceed with the steps necessary to develop the properties for revenue-generating purposes, I will have more confidence from a staff perspective that the AEF operating budget will be sustainable over the long-term.

We welcome your questions and comments, and thank you for your continued support of the County airports.
Sincerely,
Michael Murdter
Director, Roads & Airports Dept.
County of Santa Clara