

8 October 2021

**To:** Mark McClardy  
Director, Airports Division  
Western Pacific Region

Kevin C. Willis, Director  
Office of Airport Compliance and Management Analysis

**From:** Walt Gyger  
Owner, Tradewinds Aviation (FBO and flight school at Reid Hillview Airport)

Josh Watson  
Owner / CEO AeroDynamic Aviation (FBO and flight school at Reid Hillview Airport)

Michael McDonald  
Pilot at Reid Hillview (RHV) airport in Santa Clara County, California

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Dear Sirs,

As I know you are aware, Santa Clara County Supervisors voted 5-0 on August 17, 2021 to *"Direct Administration and County Counsel to take such actions as may be necessary to expeditiously eliminate lead exposure from operations at Reid-Hillview Airport, consistent with all established federal, state, and local laws and all court orders. Such actions may include, but are not limited to, both prohibiting the sale or use of leaded fuel, and pursuing any and all available paths to early closure prior to 2031."*

During the Board of Supervisors October 5, 2021 meeting, Supervisor President Wasserman indicated that the county would be pursuing 30-day lease agreements with all tenants once existing leases expired on 12/31/2021; this is in less than 90 days.<sup>1</sup> He personally advocated for offering one, two and three year leases in his motion, and said in his prepared remarks during the meeting: "It's [30-day leases] neither fair nor right to do at this time. FBOs won't want to invest their dollars in equipment knowing they can be evicted in 30-days. Banks won't want to loan money to FBOs knowing they can be evicted in 30 days. FBOs can't sell their businesses if the prospective buyer knows she can be evicted in 30 days." There was no second and the motion died; it can only be assumed that the county will continue to pursue only 30-day lease agreements at the termination of existing leases on 12/31/2021.

During the Santa Clara County Airport Commission meeting also held on October 5, 2021, Director of County Airports Eric Peterson indicated that they would only be offering lease agreements to four of the tenants at Reid Hillview Airport; leases with five other tenants would expire and not be renewed at the end of the year.<sup>2</sup> He indicated "that the Board was pretty clear in their direction today that they would be month-to-month."

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<sup>1</sup> <http://sccgov.igm2.com/Citizens/SplitView.aspx?Mode=Video&MeetingID=13232&Format=Agenda> [44 minute mark, 10:09 am]

<sup>2</sup> <http://sccgov.igm2.com/Citizens/SplitView.aspx?Mode=Video&MeetingID=13275&Format=Agenda> [31:20 mark]

A copy of the county letter giving notice to one of the tenants [Tradewinds] is attached. This letter was provided 95-days prior to the termination of the existing lease. This has left tenants with minimal time to respond and negotiate new leases.

Two FBOs [Properties 3 and 7 in the county notice] provide flight training operations and currently source their own fuel. The county has indicated that they will take over these fuel operations under their *proprietary exclusive* rights; the fear is that they will not offer competitive fuel pricing to these FBOs and flight schools, thereby making it difficult for these flight schools to operate.

With the county taking on all fuel operations, fuel operators at Reid Hillview will be reduced from four competing fuel providers down to one: the county. With the county identifying their interest to close the airport as quickly as possible, there is a concern that they may leverage their monopoly to the detriment of the airport and aviation community.

Furthermore, the pilot community at the airport aggressively worked to bring unleaded "UL94" avgas offered by Swift Fuel to the airport. While the county ostensibly wants the airport to move to unleaded fuel to reduce lead exposure to the community, success in such efforts removes the urgent need to close the airport and therefore runs counter to the county's stated goal. The concern is they might eliminate 100LL and price UL94 extremely high. In the event that UL94 sales at Reid Hillview are severely reduced through such actions, this has implications to other airports in the region that now also sell unleaded avgas; Reid Hillview consumes a substantial amount of avgas, which enabled the business case for Swift Fuels to transport UL94 in rail cars to California. If the county sabotages unleaded avgas efforts at Reid Hillview, this will impact unleaded fuel sales in California.

With respect to the five leases [Properties 1, 2, 5, 6, 8] that will expire at the end of the year: these operators rent tie-down space to some aircraft owners on their property. It is the commonly held belief that the county did not like that these operators offered lower prices than those of the county. It is expected that these aircraft owners will see substantial increases in their monthly tie-down rates.

The actions by the county appear intended to cause impairment of the airport and the aeronautical tenants of the airport; indeed, the County Board of Supervisors President Wasserman acknowledges in his statement that the county's actions are doing so. Such actions by the county will likely take effect within the next 90 days, so we would ask that an expedited review of the situation occur pursuant to 14 C.F.R §16.11(b).

### **Concerns**

Poorly providing or providing a diminution of services may be a *de facto* closure of the airport. The county has indicated their intent to close the airport, so it is not consistent that they wish to run a fuel operation that promotes aviation.

The county is exercising their right to operate fuel as a *proprietary exclusive* operation. In so doing, the airport will go from four fuel providers down to one. By eliminating all competition, there is a concern that fuel may no longer be offered on similar and reasonable terms as it is currently offered.

The county does not have experience in or equipment (e.g. fuel trucks) for running fuel operations at Reid Hillview. While the county owns the fuel infrastructure at another airport (E16), the day-to-day operations are contracted out there.

Some of the flight schools offer competitively priced flight training by purchasing fuel wholesale for their aircraft. The lack of fuel on reasonable terms from the county will impact the ability of flight schools and FBOs to run viable and competitive businesses.

Some of the flight schools receive discounted fuel pricing because of long-term volume agreements. As month-to-month leases are the antithesis of long-term agreements, it will likely be difficult to negotiate discounted fuel prices.

The county may be reluctant to enter long-term agreements with fuel suppliers. This may increase county costs, which would presumably be passed onto the Reid Hillview aviation community in the form of higher fuel prices.

The county has indicated in their motion that they wish to prohibit the sale of leaded fuel. While the local pilot community supports moving to unleaded fuel at every opportunity, the removal of a high octane option at the airport removes a necessary fuel for some high performance aircraft. Some higher performance aircraft are used by flight schools, so the lack of a high octane fuel at Reid Hillview will impact students and the competitiveness of these flight schools if they must refuel elsewhere.

It is not expected that the county will negotiate in good faith. Indeed, they have waited until the last moment to give notice to tenants, have indicated they will only allow month-to-month leases, and have openly acknowledged the challenges that tenants will face in securing financing, hiring employees, getting new students, and making investments with such limited visibility.

The county is not offering lease extensions to some qualified companies offering aeronautical and aeronautical-support services.

The County's refusal to enter into lease agreements with aeronautical tenants [Properties 1, 2, 5, 6, 8] appears to be in violation of Grant Assurance 22.

### **Assistance Requested**

We would ask that the FAA assist Reid Hillview tenants in achieving the following objectives:

1. Lease terms available up to 2031. This is the date at which the county is no longer subject to FAA AIP grant covenants.
2. Lease rates and terms must be consistent and competitive with rates and terms of other nearby comparable general aviation airports.
3. Fuel prices and terms must be consistent and competitive with rates and terms of other nearby comparable general aviation airports.
4. Fuel service levels must not be degraded. For example, Tradewinds Aviation aircraft are automatically and immediately fueled by the current fuel provider; that should be continued. In another example, both full-service and discounted self-service fueling options should be available. In another example, comparable hours of operation must exist.
5. Discounted and volume fuel pricing consistent with what an FBO or flight school historically negotiated under a long-term agreement even if the county does not offer lease terms of that duration.
6. To insure a smooth transition from the existing fuel suppliers to the county, the county must make whole existing fuel providers for any fuel that is in the tank when the county takes control of the fuel operations and fuel tanks.

7. Ensure the on-going availability of leaded fuel at the airport, until such time as an FAA-approved unleaded alternative suitable for all aircraft is commercially available and viable.
8. Leases offered to all existing aviation tenants and businesses, with the exception of the fuel operations where the county has exercised their *proprietary exclusive* rights.
9. The ability for existing aviation businesses to continue to operate at the airport. These include, for example, private individuals offering cleaning services of aircraft or those performing avionics certification.
10. The maintenance of Reid Hillview airport and its facilities must be done in a timely manner and not neglected; the lack of attention by the county on the airport environs should not continue.
11. Individual aircraft owners who are leasing facilities (e.g., tie downs, hangars, etc.) from the county should see rates consistent with comparable general aviation airports in the region.
12. The county should continue to fulfill the obligations and assurances it has to the FAA under existing grants.

### **Potential Remedies**

Santa Clara County has the city of San Jose and San Jose International airport within its borders. The Department of Transportation and FAA has discretion on hundreds of millions of dollars in federal funds that can affect the county; last year, for example, San Jose International was awarded \$65.6 million in 2020 through the CARES Act. San Jose International 2020-2024 Capital Improvement Program expenditures are projected at \$349.7 million; they have indicated that they will pursue FAA AIP grants for a substantial portion of this amount. The FAA has economic leverage which they can directly exert on the county and indirectly through entities within the county.

The FAA also has statutory authority to enforce compliance with sponsor assurances.

### **Urgency Required**

The county provided the minimal notice required to airport tenants regarding the new proposed terms of the lease. Airport tenants – while under no illusion about the desires of the county to close the airport – have felt that the airport would remain open through 2031 due to the AIP grants; the expeditious actions of the county to make the situation immediately untenable makes business operations difficult. With uncertainty in the airport's future beyond the end of this year, the loss of employees is an immediate concern. The ability to secure financing at reasonable terms is now in jeopardy. The ability to get students is now in jeopardy. The ability to relocate businesses to other airports is significantly compromised. As pilots explore moving their aircraft to other airports, airport businesses are impacted.

Airport tenants have very little metaphorical runway to figure this out.

We would ask that the FAA expeditiously review the situation at Reid Hillview and Santa Clara County and take the necessary actions to preserve the airport and the valuable role it has in our nation's aviation network. We continue to appreciate the advocacy that you have shown to the airport and hope that you will continue to strongly advocate for the airport at every opportunity.

**Respectfully and with thanks,**  
Walt Gyger  
Owner, Tradewinds Aviation

Josh Watson  
CEO/Owner, Aerodynamic Aviation

Michael McDonald  
Angel Flight Pilot  
Aircraft owner at Reid Hillview Airport  
Community and Airport Partnership for Safe Operation (CAAPSO) Board Member

**Attachments:**

Reid Hillview as a Valuable Aviation Asset  
Lease termination notice  
Proposed motion by Supervisor Wasserman

### **Reid Hillview as a Valuable Aviation Asset**

Reid Hillview is a 180-acre airport in the San Francisco Bay area. It is one of the busiest airports in California, with roughly 573 operations per day and 209,000 annual operations; it is busier than San Jose International (SJC) located 5nm away. Reid Hillview airport serves as a reliever airport for San Jose International, and occasionally San Francisco (SFO) and Oakland (OAK) airports; the loss of Reid Hillview will have an impact on commercial operations at these other airports. Redirection of GA aircraft to these airports impacts the safe and efficient operation of the national airspace system. Bounded on all sides, San Jose International has no ability to expand aviation operations beyond its current limits; it does not have the ability to accept a significant amount of Reid Hillview traffic.

Reid Hillview provides safety functions to the community. During the SCU Complex wildfire in 2020, 49 airborne firefighting missions were performed over three days from Reid Hillview airport. CalDART – the California Disaster Air Relief Team – operates out of Reid Hillview and is part of a valuable network that provides aid in the event of an earthquake or other disaster in areas around California. The Civil Air Patrol also has an aircraft at Reid Hillview.

Reid Hillview provides important humanitarian services. There are 36 active Angel Flight pilots at Reid Hillview that have already flown 120 missions in 2021, and 1628 missions in aggregate. Approximately one in six Angel Flight missions in northern California is flown by a Reid Hillview pilot, given our proximity to Stanford Research hospital and UCSF Medical Center. These flights connect patients with critical and often life-saving services.

Reid Hillview provides valuable aviation education. San Jose State University has an aviation campus and building at Reid Hillview. This program has graduated nearly 5000 pilots since its inception 84 years ago.

Reid Hillview offers extensive flight instruction through four flight schools and the numerous private CFIs that operate on the airfield.

Reid Hillview provides for numerous jobs on the airfield, including flight instruction, aircraft maintenance, airport maintenance, fuel operations personnel, FBO operations, and tower control personnel.

# County of Santa Clara

Roads & Airports Department

Airports Division  
Reid-Hillview & San Martin Airports  
2500 Cunningham Avenue  
San Jose, California 95148  
(408) 918-7700 FAX (408) 929-8617  
[www.countyairports.org](http://www.countyairports.org)



September 27, 2021

Walt Gyger  
2505 Cunningham Ave  
San Jose, CA 95148

Sent via email

RE: Account 200100

Dear Walt:

On August 17, 2021 the Santa Clara County Board of Supervisors received a report from the administration regarding airborne lead exposure at Reid Hillview Airport. The Board, among other actions directed:

*Administration and County Counsel to take such actions as may be necessary to expeditiously eliminate lead exposure from operations at Reid-Hillview Airport, consistent with all established federal, state, and local laws and all court orders. Such actions may include, but are not limited to, both prohibiting the sale or use of leaded fuel, and pursuing any and all available paths to early closure prior to 2031*

In order to provide the County flexibility with regard to the FBO leases and implement the Board direction regarding leaded fuel, Airport management will proceed with the following:

All existing Reid-Hillview FBO leases expire on December 31, 2021. Effective January 1, 2022 the County proposes to:

- Allow five leases to expire, as shown in yellow on the diagram below. County will offer rental agreements to existing tenants on-site
- Offer new short term leases, with additional terms and new rates, to the current leaseholders of the four properties shown in green.
- Assume management of all commercial fueling operations at Reid-Hillview and exercising its *Proprietary Exclusive* right as recognized by federal regulations.
- Assume ownership of all fixed commercial fuel tanks at the airport. New leases for properties 3 and 7 will exclude the land currently occupied by the underground tanks.

For properties 3, 4, 7 and 9 the County will schedule a meeting with the leaseholder to discuss terms and conditions of new leases going forward.

[https://scccconnect-my.sharepoint.com/personal/eric\\_peterson\\_rda\\_sccgov\\_org/Documents/FBO Issues/2021 RHV Lease Amendments/2020-09-24 Notification Letters/Gyger FBO letter 2021-09-24.docx](https://scccconnect-my.sharepoint.com/personal/eric_peterson_rda_sccgov_org/Documents/FBO%20Issues/2021%20RHV%20Lease%20Amendments/2020-09-24%20Notification%20Letters/Gyger%20FBO%20letter%202021-09-24.docx)

Board of Supervisors: Mike Wasserman, Cindy Chavez, Otto Le, Susan Ellenberg, S. Joseph Simitian  
County Executive: Jeffrey V. Smith

For properties 1, 2, 5, 6, and 8 the County requests contact information for existing occupants so that tenancy can be maintained under County management.



We will be holding a Zoom meeting shortly to discuss these changes with you. Please look for a follow up email with the meeting time and invitation.

Sincerely,

Eric



County of Santa Clara  
Board of Supervisors  
Supervisorial District One  
Supervisor Mike Wasserman



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107886

**DATE:** October 5, 2021  
**TO:** Board of Supervisors  
**FROM:** Mike Wasserman, Supervisor  
**SUBJECT:** CBO Leases at Reid Hillview Airport

**RECOMMENDED ACTION**

Approve referral to Administration and County Counsel to report to the Board on October 19, 2021 with options for consideration relating to extending the proposed length of leases for Fixed-Base Operators (FBOs) at Reid Hillview Airport (RHV) to include one-year, two-year and/or three-year lease options. (Wasserman)

**REASONS FOR RECOMMENDATION**

On December 4, 2018 (Item #19), the Administration presented the Airports Business Plan to the Board of Supervisors. The Business Plan specified how to make the Airport Enterprise Fund self-sufficient and not dependent on funding from the General Fund. It also outlined the leasing strategy for tenants within both County airports.

The Board's action at that time was to continue to refuse FAA Airport Improvement Program (AIP) grants for RHV. The intention of this action was to potentially allow the County further discretion over alternate uses of RHV's grounds once the current Federal obligations expire in 2031.

The County has been laying the groundwork for an eventual RHV Master Plan since 2018, however, there has been no further direction from the Board of Supervisors to address the need for a leasing plan for the tenants at RHV. This has created uncertainty for current airport stakeholders, particularly the FBOs who are integral to the daily operations of the airport.

While discussions for alternative uses for the airport's land moves forward, the County must continue to honor our Federal obligations. Further, the County still has the responsibility of

developing a leasing plan for the FBOs, who have been grappling with the uncertainty of their business' futures. This matter has become increasingly urgent because the current FBO leases expire at the end of 2021—in less than 90 days. This poses several limitations to planning for future operations, including deferring maintenance and improvements to their buildings.

This referral intends to provide FBOs with stronger assurances so that they continue their operations at RHV, while discussions for alternative uses for the airport's land move forward. With a more robust leasing strategy in place, the Airport Enterprise Fund is likely to receive increased revenue, thus creating a favorable outcome for both the Roads and Airports Department as well as Reid-Hillview Airport stakeholders.