



U.S. Department
of Transportation
**Federal Aviation
Administration**

Airport Compliance and Management Analysis

800 Independence Ave., SW.
Washington, DC 20591

August 21, 2014

Mr. Orry P. Korb, County Counsel
Ms. Elizabeth G. Pianca, Deputy County Counsel
Office of the County Counsel
County of Santa Clara
70 West Hedding Street
East Wing, 9th Floor
San Jose, CA 95110-1770

Dear Mr. Korb and Ms. Pianca:

Thank you for your letter of April 18 providing the Federal Aviation Administration (FAA) with documentation supporting the County's proposed insurance requirement for parachuting operations with a drop zone at South County Airport.

Santa Clara County plans to require any commercial skydiving operator seeking to operate at South County Airport to obtain \$1 million in third-party liability insurance for commercial skydiving operations, with the County as an additional named insured. You state that, at South County Airport, this level of coverage is consistent with limits for other County-permitted activities. You also state that this coverage is less than the coverage the County requires of fixed base operators, flight schools, and flying clubs operating at the airport, which is \$3 million with the County as an additional insured. You state that the County's insurance requirements are based on a risk management analysis using industry accepted risk assessment methodology. You state your belief that therefore this \$1 million requirement is obtainable for commercial operators, the proposed limits are justified, and the proposed coverage is reasonable.

Your letter also provides information and evidence of several other locations around the country that have similar insurance coverage requirements for skydiving operations. You state that the Rhode Island Airport Corporation (RIAC) requires \$1 million in third-party liability insurance for skydiving activities on the five airports that it manages for the state of Rhode Island. Four of these five airports are general aviation airports. Additionally, you identify the City of Marina, California as requiring \$1 million of third-party liability coverage for commercial skydiving activities on the Marina Municipal Airport, and you have identified the insurance company providing coverage to the skydiving operator at that airport.

You also provided information that the Bureau of Land Management (BLM), United States Department of the Interior, requires \$1 million in third-party liability insurance for operators seeking to conduct aviation assisted activities (which BLM deems "high risk") on BLM-owned land. We have confirmed that "aviation assisted activities" include skydiving, and that BLM

requires this level of insurance coverage for these activities. Furthermore, we understand that BLM and RIAC have required \$1 million in third-party liability coverage for a number of years; BLM for 10 years and RIAC for the past 15 years.

In addition, although the availability of \$1 million in third-party liability coverage for skydiving has been disputed, you have identified three potential sources, and your letter also states that if it is shown that Garlic City Skydiving is unable to acquire this level of insurance coverage, the County is willing to revise this insurance requirement accordingly. The FAA presumes this statement would also apply to any other skydiving operator seeking to operate on South County Airport.

Based on the information the County has provided, the requirement for \$1 million in third-party liability insurance for skydiving operations at the South County Airport does not appear unreasonable in this case.

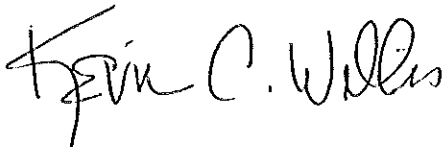
Please develop and present this office with a formal corrective action plan that states how the County will accommodate applications from commercial skydiving operators. Your corrective action plan should identify all approvals that will be necessary for skydiving operators seeking access to the airport and include an explanation as to how you will inform the public that the airport is available for parachute operations.

The December 19, 2011 Director's Determination requires the following corrective actions:

- 1) permit the establishment of an on-airport parachute drop zone;
- 2) negotiate in good faith with those entities desiring to provide parachute-related commercial aeronautical services;
- 3) adopt the stipulations required by the FAA to conduct parachute operations at the Airport safely; and
- 4) provide any required "pen and ink" changes to the Airport's ALP.

Once the FAA receives evidence that these four corrective actions have been completed satisfactorily, the County will be eligible for future AIP discretionary grants under 49 U.S.C., § 47115 and general aviation airport grants under 49 U.S.C., § 47114(d). Please note that this letter provides only the present view of this office based on the information provided and does not bind or constrain the FAA's enforcement discretion or preclude any changes in our view. This letter does not represent final Agency action or an order within the meaning of 49 U.S.C., § 46110.

Sincerely,



Kevin C. Willis, Manager
Airport Compliance Division