



Santa Clara County

Airports Business Plan

Reid-Hillview and San Martin Airports



San Martin Airport



Reid-Hillview Airport

May 2018

Agenda

1. Introduction
2. Scope of Business Plan
3. Background
4. Proposed New Plan
5. Grants
6. Schedule
7. Questions & Answers



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
9. Board of Supervisors to approve updated Business Plan



Airport Locations Map



Reid-Hillview Background

- Originally opened 1939 as Reid's Hillview Airport
- County purchased 1961
- Approximately 475 based aircraft
- 2017 Annual Operations, 163,327
- 1978 Annual Operations, 395,040



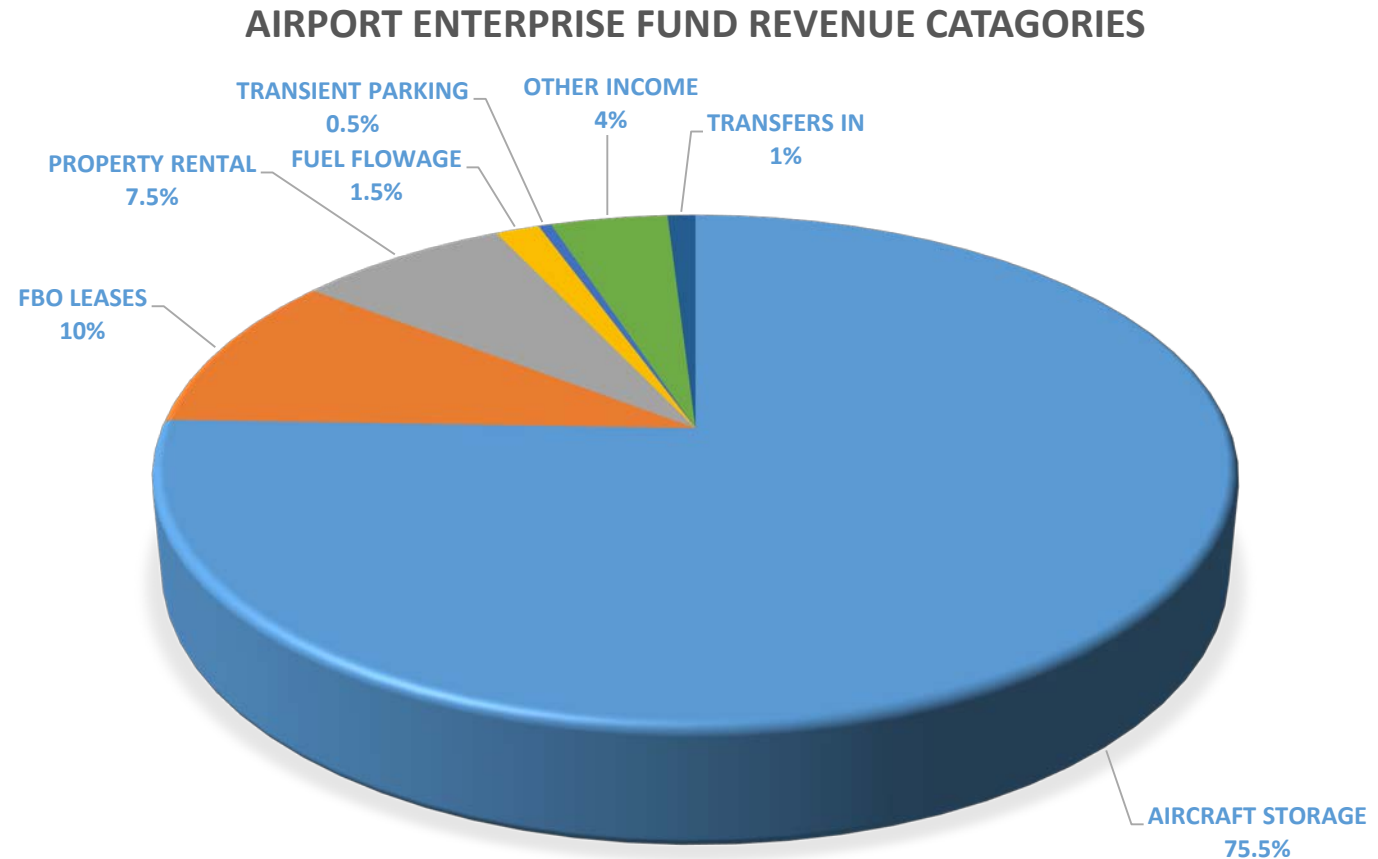
San Martin Background

- Constructed by the County
- Opened in 1972
- Approximately 150 based aircraft
- 2017 Annual Operations, 31,985
- 1997 Annual Operations, 60,500



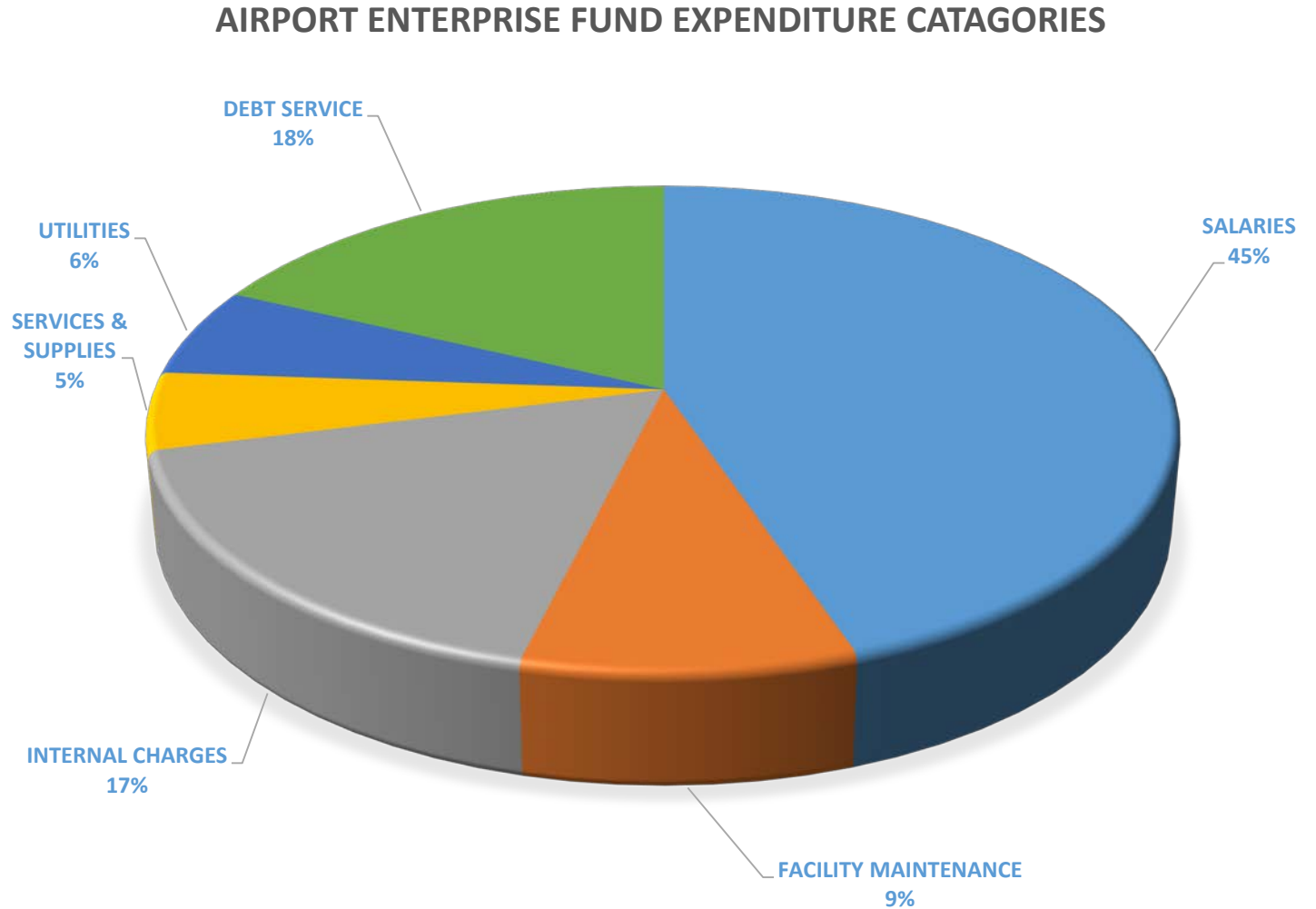
Revenues

- 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 Business Challenge

- 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



The Draft Plan

- Increase revenue
 - FBO's, non-aviation property, solar, fees
 - Subsidy until new revenue comes online
- Increase maintenance
 - 10 year improvement plan \$20 million
- Issues of taking grants
 - Last grant in 2011 grant assurances until 2031

The cover of the "Santa Clara County Airports Business Plan" report, dated May 2018. It features the county's logo at the top left, the title "Santa Clara County Airports Business Plan" and subtitle "Reid-Hillview and San Martin Airports" at the top right. Two aerial photographs are shown: the top one is labeled "San Martin Airport" and the bottom one is labeled "Reid-Hillview Airport". The date "May 2018" is printed at the bottom right of the cover.

Santa Clara County
Airports Business Plan
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San Martin Airport

Reid-Hillview Airport

May 2018

RHV FBO Redevelopment



Current

9 Leaseholds, 1.1 – 2.7 acres (17.8 acres)



Proposed

2 Leaseholds, approximately 7.0 acres

New Revenue Summary

| 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/E16 Solar Farm |
| 9. | SM FBO Lease/Hangars |
| Community Benefiting | |
| 2. | RHV Little League (Reimbursement) |
| 10. | SM Lions Club (Reimbursement) |



Fee Adjustments

Schedule of Fees and Charges

- Santa Clara County is higher than many local airports
- Recommendations include
 - 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).

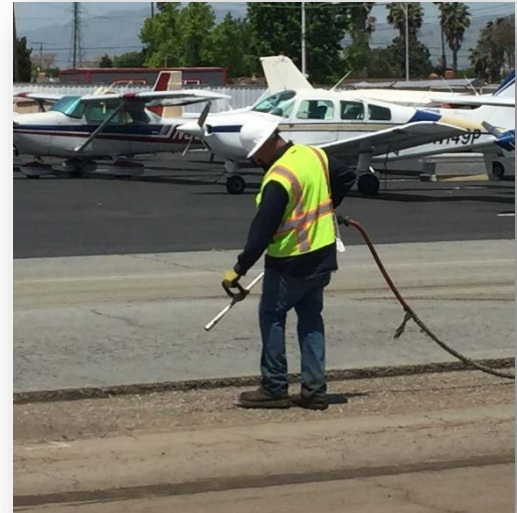
All aircraft weights referenced in this document are defined by the aircraft manufacture and/or the Federal Aviation Administration (FAA) as the certified maximum gross take-off weight.

A. County-Based Aircraft

| <u>Tail-In Open Tie-Down, improved pavement</u> | <u>RHV Monthly Rate</u> | <u>E16 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 |

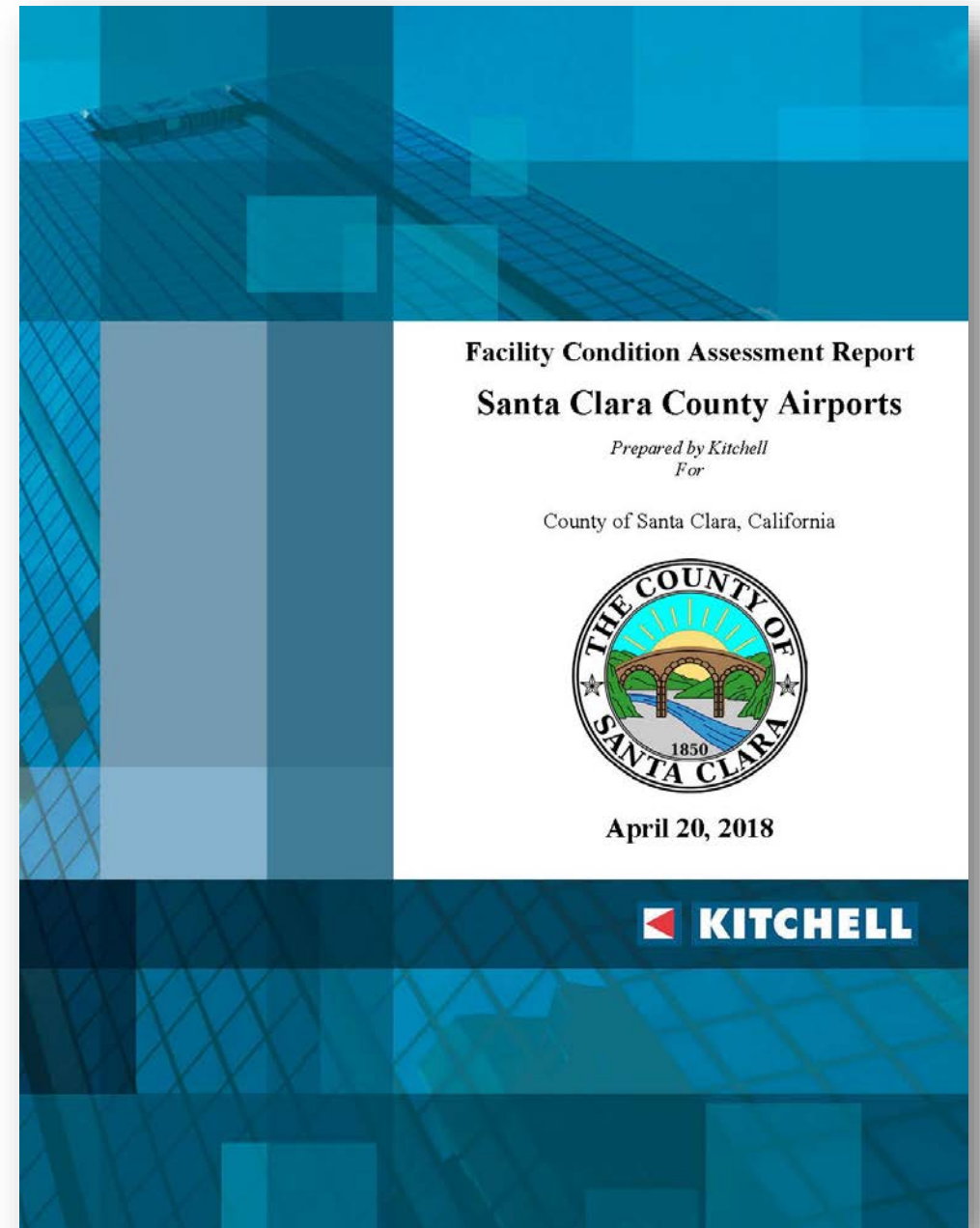
Airfield Needs

| 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 |



Facility Needs

- 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

Key issue is whether the County accepts Federal Grants

- Majority of airports take grants
- Grants can be used to improve the Airfield
- Grants can provide up to 95% of a project cost
- Grants obligate the County to conform to Federal rules



Grants

- Last grants issued to the County in 2011
- Grant assurances last 20 years until 2031
- Without grant obligations the County would gain more local control



Options for Board Consideration

- Status Quo
 - Operating expenses will overtake revenues
 - Leases will require renegotiation
 - Solar revenue will be realized
 - Fees and Charges will be adjusted
 - An long-term operating subsidy will be required
 - With grants the maintenance needs will require about \$10 million over 10 years
 - Without grants the maintenance needs will require about \$20 million over 10 years



BOARD OF
SUPERVISORS

County of Santa Clara
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Options for Board Consideration

- Adopt the Business Plan
 - New revenues will be realized
 - An limited-time operating subsidy will be required
 - If the projected revenues are fully realized the Airport fund can be self sustaining
 - Grants would be helpful but not imperative



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Regardless of outcome

- Airports will be operated safely
- Solar revenue will be realized
- Leases will require renegotiation
- Fees and Charges will be updated
- The airfields will be paved

www.countyairports.org



Next Steps

- May 23rd, San Martin Public Meeting
- June 21st, HLUET Committee
- August 28th, Board of Supervisors

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County Airports Business Plan Update

QUESTIONS?

You may also call or email with questions or comments:

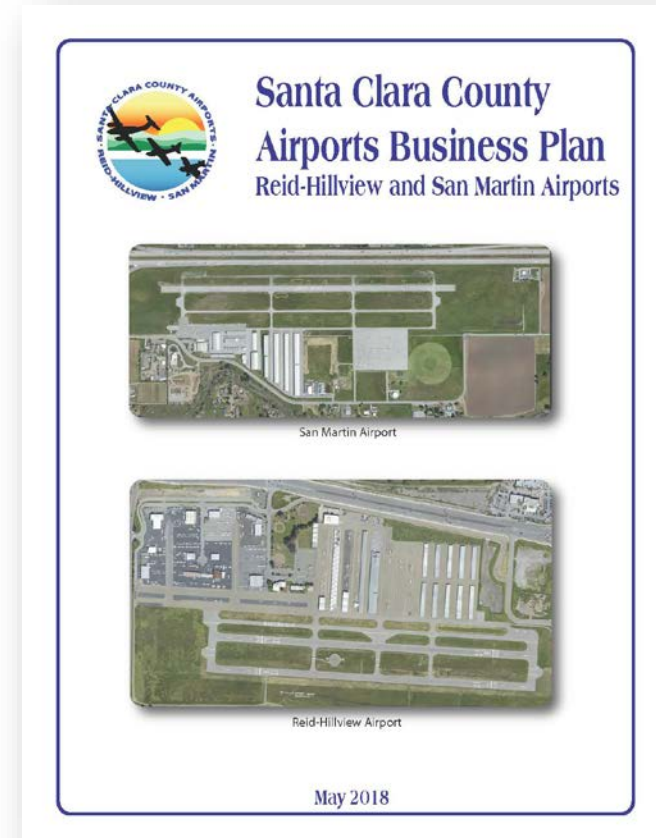
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Q & A



These slides along with most all documents pertaining to the business plan are available on our website.

www.countyairports.org

