
**SANTA CLARA COUNTY AIRPORTS BUSINESS PLAN-
ALTERNATIVE RECOMMENDATIONS**

TO: SANTA CLARA COUNTY BOARD OF SUPERVISORS

FROM: CAAPSO AT REID HILLVIEW AIRPORT

SUBJECT: PROPOSED ALTERNATIVES FOR AIRPORTS BUSINESS PLAN ACTION

DATE: SEPTEMBER 7, 2018

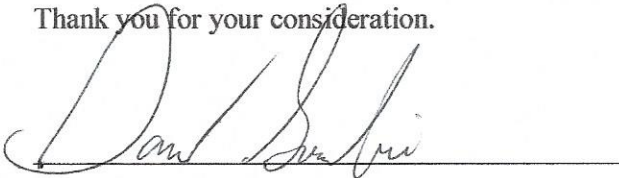
CAAPSO represents stakeholders at Reid Hillview Airport, and has worked with Airport Staff, the County Airport Commission and impacted users to help shape the draft Airports Business Plan submitted to HLUET for review on September 17, 2018. CAAPSO shares the Vision of an updated airport, offering first class services to based and transient general aviation aircraft, and fulfilling its role as a designated reliever for San Jose Mineta Airport. We generally support the Vision, and especially the conclusions and recommendations of the Aries Consultant report commissioned by the county and largely ignored in the current Business plan. We believe several of the staff recommendations would be needlessly harmful to businesses and users of Reid Hillview Airport in the short term. We therefore make the following recommendations for the Supervisors to consider in evaluating the current Business Plan and its supplemental report:

1. **Commercial Development of Airport Property:** CAAPSO supports efforts to develop commercial non-aviation uses on the Tully Road corner lot (Pumpkin Patch) and "Laydown Lot" along Swift Ave used presently to store equipment, and believe the FAA would approve such use. We do not agree with the large planned non-aviation development assumptions at the northern end of the property, occupied presently by FBO's and SASO's, nor do we believe the FAA will approve release of such a large parcel of aviation-use land, as there is no precedent. The staff timeline is grossly optimistic, based on untested assumptions, and termination of present leasehold interests in 2021 will needlessly put a number of thriving businesses out of business, with no alternative service providers for based aircraft and pilots. We strongly urge the Supervisors to add an option to direct the airport staff to consider 5 year lease extensions, with amended terms specifying permitted uses and restrictions, to accommodate the extended time period that will be required for obtaining FAA releases, San Jose City rezoning, RFP development and responses, and financing and construction planning for any potential new FBO's on the new sites. Should the FAA fail to approve releases, litigation could also take years to resolve, as demonstrated in the skydiving example. We also urge renewal/extension of the single FBO lease at San Martin Airport, which is not addressed in the Supplemental Report recommendations.
2. The decision around accepting FAA Airport Improvement Grant funds is much more than just a vote around incremental funding sources and potential restrictions on some airport activities specified in the grant assurances. As finally noted in the Supplemental Report on Page 9, a decision to not accept FAA grant funding for improvements at Reid Hillview Airport gives the appearance that the county intends to repurpose the airport property. This ignores the County Counsel (memo from 2008 attached) affirming the obligation to operate the airport in Perpetuity based on use of FAA funding to acquire land for the airport. Moreover, without further details of the legal opinions obtained in secret by the county for the Plan, this leaves the Supervisors in position to make a decision likely to trigger long and expensive litigation without detailed guidance. Any decision regarding FAA Grant funding must include

stakeholders such as the FAA, City of San Jose/Mineta Airport, San Jose State University, Leaseholders and others to provide them an opportunity to evaluate the impact and provide additional input.

3. While CAAPSO recognizes the benefits to the community of the Eastridge Little League baseball fields, for decades they have enjoyed essentially rent-free use of airport property. While the Business Plan urges county funding to “appropriately compensate” the AEF (Airport Enterprise Fund), there are no sources or amounts recommended. The Valbridge Appraisal prepared for the Business Plan declared Fair Market Annual Rent of ~\$638,000/year. If that amount or anything close were transferred into the AEF from County Funds, the AEF would show positive surpluses for years. If the County is unable to appropriately fund the AEF, then the Plan should provide an alternative to pursue commercial development of the Little League Fields, and transfer those fields to other county-owned land not subject to an “enterprise funding” restriction. Directing commercial development at that site would not impact any of the current existing and profitable businesses at the airport while the planning for consolidation of the other 9 FBO sites proceeds.
4. Finally, the deferred maintenance and other needed investments will never be addressed so long as the county declines to express long-term support for ongoing operation of the airport. The ARIES report recommends a minimum of 35 year leases. Businesses will not invest in facilities with uncertain time frames of 3 years or even 13 years to achieve a return on their investments. Since all of the planned non-aviation developments, from the FBO sites to the Tully corner, and even the VTA extension track will require FAA approvals and releases, the Supervisors should recommend that the county airports offer long-term leases and operating commitments to attract the types of developments and operations that CAAPSO and the county airports staff both seem to wish for.

Thank you for your consideration.

A handwritten signature in cursive script, appearing to read "David Goodin", is written over a horizontal line.

David Goodin, President CAAPSO

Community and Airport Partnership for Safe Operations (CAAPSO)

The Underlying Financial and Operational Strength of our Airports

Paul Marshall 2018 Feb 06

Executive Summary:

County Supervisors have directed staff to update the business plan to ensure fiscally sound operations of our airports going forward. County staff expresses concern regarding declining operations and based aircraft undermining the airports' financial solvency. County policy has been and continues to be that the airport enterprise should operate on a self-sustaining basis without subsidies from the general fund. Close review of financial and operating metrics over the last 14 years shows underlying strength alongside the declining factors. Reid Hillview is used as the basis for operational data, and the Airports Enterprise Fund (AEF) is used as the basis for financial data. The airport community should carry this message to our county supervisors:

Declining factors:

- a) Since 2004, total based RHV aircraft have declined from about 350 to about 220.
- b) Since 2004, RHV ops have decreased from about 205,000/yr to about 165,000/yr.
- c) Substantial maintenance and investment has been deferred since 2011, creating an impression of decay at the airports today.

Underlying strength:

- d) Reid Hillview operations have steadily grown on average 6% per year since 2010.
- e) Reid Hillview is the busiest general aviation airport in the bay area.
- f) Reid Hillview is the state's twelfth busiest airport, just behind San Jose International.
- g) Since 2004, annual aircraft storage revenue has steadily grown from \$1.3M to \$1.5M.
- h) Since 2004, unrestricted cash has tripled from \$1.0M to \$2.9M.
- i) Since 2004, long term debt has declined from \$6.1M to \$3.9M.
- j) FAA Capital Contributions of \$5.2M have apparently allowed the AEF to operate at a total loss before capital contributions of \$4.1M from 2004 to 2017 while tripling its unrestricted cash to \$2.9M.
- k) The average value of FAA grants seems equivalent to one quarter of all AEF revenues, and half of aircraft storage revenue, justifying FAA grant assurances headaches.
- l) The county is about to come into a major revenue windfall as ground rents turn into ground and property rents on many hangars and buildings at its airports.
- m) Some AEF land is not needed for airport operations and can be used to generate additional revenue for the AEF – the solar projects at San Martin and Reid Hillview are a good example, as is the corner lot at Capitol Expressway and Tully Avenue.

Conclusion:

The airport community needs to carry this message of underlying strength in airport operations and finances to the county supervisors. The community should advocate that the county fully utilize FAA grant money to help ensure the retention of its pilots, tenants and airport operations by giving everyone the best prices possible for quality aviation services and facilities.

Detailed Support:

The following facts, figures and graphs support the statements made in the executive summary:

Declining factors:

- a) Since 2004, total based RHV aircraft have declined from about 350 to about 220, and
- b) Since 2004, RHV ops have decreased from about 205,000/yr to about 165,000/yr.

Figure 1 RHV Annual Ops vs Revenue below (top line) shows the continual gradual reduction in the number of based aircraft, and the downturn followed by uptick in annual operations (third line from top on the left hand side), with a total overall decline in operations. [Source: County Staff]

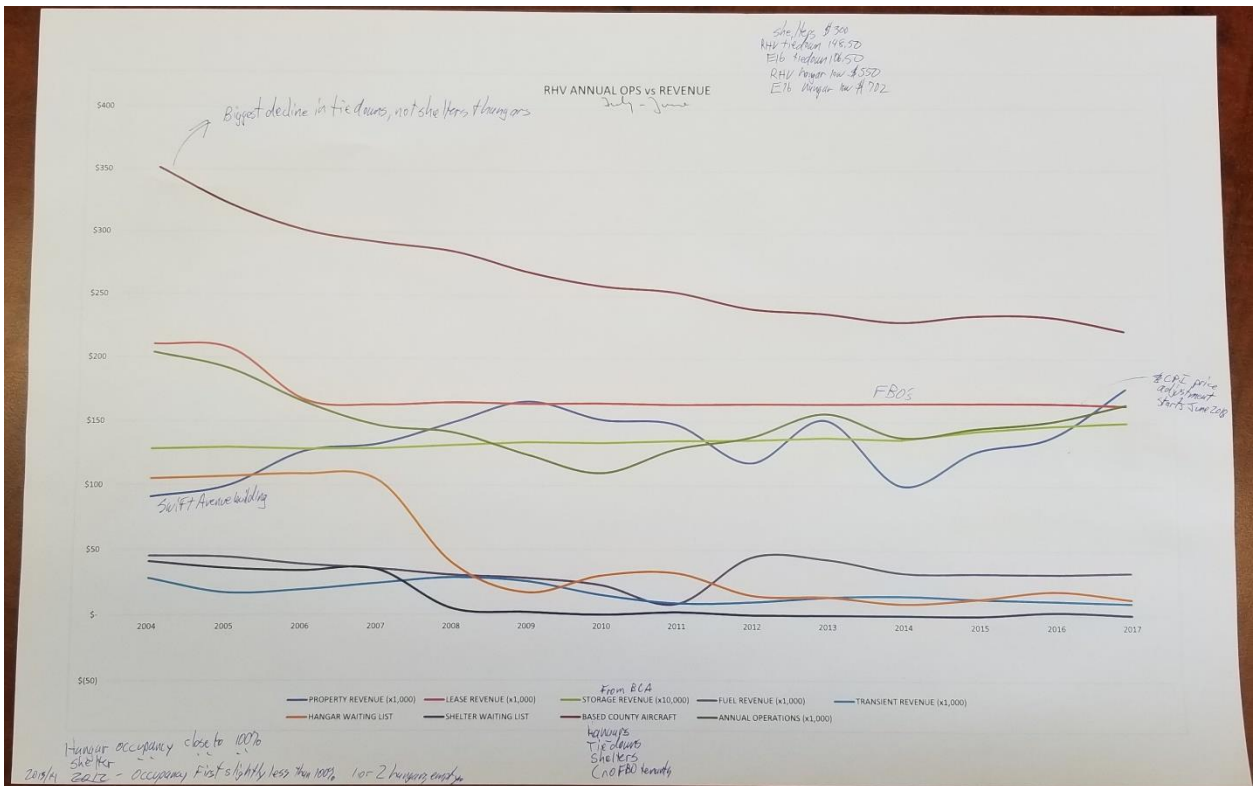


Figure 1 RHV Annual Ops vs Revenue

- c) Substantial maintenance and investment has been deferred since 2011, creating an impression of decay at the airports today.

Substantial investment has been on hold since 2011 creating an impression of decay at the airports today. The projects such as the pavement resurfacing project show up as Capital Projects on the county financial statements. Table 1, Capital Project Investment by Year below, excerpted from Table 5, Airport Enterprise Budget Data shows this lack of significant investment since 2010:

YEAR	CAPITAL PROJECTS
2004	\$ 1,547,312
2005	\$ 3,622,512
2006	\$ 2,576,977
2007	\$ 1,021,182
2008	\$ 1,814,663
2009	\$ 874,612
2010	\$ 344,117
2011	\$ 159,742
2012	\$ 195,181
2013	\$ 39,283
2014	\$ -
2015	\$ -
2016	\$ -
2017	\$ -

Table 1, Capital Project Investment by Year

Underlying strength:

- d) Reid Hillview operations have steadily grown on average 6% per year since 2010.
- e) Reid Hillview is the busiest general aviation airport in the bay area.
- f) Reid Hillview is the state’s twelfth busiest airport, just behind San Jose International.

Reid Hillview airport has extraordinarily high use as shown by Tables 2 and 3, and Figure 2. The strong usage figures are attributed to a strong local economy and people who fly out of Reid Hillview for wide-ranging reasons. [Source: Current Data Shows Steady Increase in Activity at Reid Hillview Airport Since 2010, by A. Mohler, updated Jan 25, 2018, Drawn from FAA Air Traffic Data]

	General Aviation Airports									Commercial Airports			
	Reid-Hillview	Napa	Concord	Hayward	Livermore	Palo Alto	Salinas	San Carlos	Santa Rosa	San Francisco Intl	Oakland	San Jose Intl	Monterey
	RHV	APC	CCR	HWD	LVK	PAO	SNS	SQL	STS	SFO	OAK	SJC	MRY
2011	16.7%	-13.7%	-0.8%	5.8%	8.7%	7.3%	1.2%	-6.0%	8.8%	3.8%	-1.7%	-0.8%	-1.7%
2012	7.5%	-21.4%	-3.1%	-7.3%	-3.7%	-0.7%	3.4%	-5.3%	-1.5%	4.9%	-2.4%	-1.6%	3.0%
2013	5.9%	3.4%	15.0%	20.5%	18.4%	3.4%	17.4%	11.0%	2.1%	-0.6%	-4.5%	2.9%	-4.0%
2014	-7.1%	-4.2%	17.8%	12.4%	-7.2%	-0.9%	-15.7%	5.4%	-8.0%	2.6%	1.2%	2.4%	-5.5%
2015	6.2%	13.0%	4.2%	6.4%	-19.1%	-2.4%	12.0%	1.4%	13.4%	-0.3%	6.0%	4.5%	32.3%
2016	5.6%	-7.2%	11.9%	-9.4%	0.3%	-10.7%	6.1%	-11.1%	-5.1%	4.6%	3.2%	8.0%	41.9%
2017	7.2%	9.1%	0.4%	-6.1%	10.6%	-2.9%	-10.1%	-1.7%	6.8%	2.2%	6.2%	11.3%	8.1%
Avg*	6.0%	-3.0%	6.5%	3.2%	1.2%	-1.0%	2.0%	-0.9%	2.3%	2.5%	1.1%	3.8%	10.6%
Total**	48.2%	-23.1%	52.4%	20.2%	3.3%	-7.7%	10.6%	-7.8%	15.6%	18.4%	7.7%	29.1%	86.5%

Table 2, Reid Hillview averaged 6.0% annual operations growth since 2010, #2 in bay area GA airports

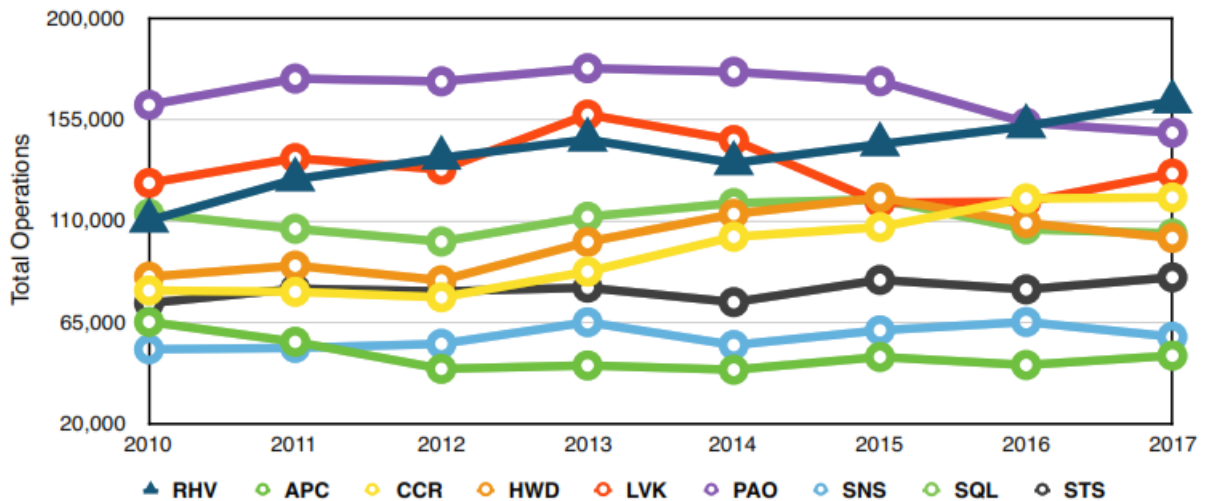


Figure 2, Reid Hillview was the busiest bay area GA airport in 2017.

State Rank	Facility	Total Operations
1	LAX	700,362
2	SFO	460,346
3	SNA	310,606
4	LGB	302,360
5	OAK	236,628
6	VNY	224,398
7	SEE	221,139
8	SAN	209,563
9	MYF	207,103
10	CNO	203,090

State Rank	Facility	Total Operations
11	SJC	178,595
12	RHV	162,648
13	CRQ	160,887
14	CMA	149,902
15	PAO	148,769
16	BUR	131,659
17	LVK	130,656
18	CCR	120,044
19	SMF	118,785
20	SAC	105,875

Table 3, Reid Hillview was the 12th busiest airport in the state in 2017, just behind San Jose International

g) Since 2004, annual aircraft storage revenue has steadily grown from \$1.3M to \$1.5M. Figure 1 shows this steady growth (fourth line down from top on the left), which is attributed to a steady base of high value tenants that contribute the bulk of the AEF’s storage revenue, augmented by yearly cost-of-living increases. The very large part of the loss of based aircraft has occurred in the aircraft which were tied down on the open field, at very low lease rates.

h) Since 2004, unrestricted cash has tripled from \$1.0M to \$2.9M.

i) Since 2004, long term debt has declined from \$6.1M to \$3.9M.

Table 4 shows how the financial position of the Airport Enterprise Fund has continuously and steadily grown stronger since 2005. This tripling of cash and \$2M reduction in outstanding debt clearly demonstrate the outstanding performance of the financial engine underlying our airports’ operation. We enjoy strong financial footing while we consider airports operational improvements, revenue improvements, and investments for the next decade. [Source: Santa Clara County CAFR, 2005 – 2017]

YEAR	UNRESTRICTED CASH	NON-CURRENT BONDS PAYABLE
2005	\$1,039	\$6,093
2006	\$1,363	\$5,854
2007	\$813	\$5,590
2008	\$665	\$5,436
2009	\$711	\$5,277
2010	\$822	\$5,118
2011	\$1,182	\$4,949
2012	\$1,503	\$4,876
2013	\$1,909	\$4,586
2014	\$2,106	\$4,366
2015	\$2,317	\$4,210
2016	\$2,609	\$4,046
2017	\$2,908	\$3,878

Table 4, Impressive Cash Generation and Debt Reduction

- j) FAA Capital Contributions of \$5.2M have apparently allowed the AEF to operate at a total loss before capital contributions of \$4.1M from 2004 to 2017 while tripling its unrestricted cash to \$2.9M.

Table 5, Selected Airport CAFR Data captures much of the data that the annual budget statements don't show. This Airport Enterprise Fund asset and liability information is presented as 3 pages of statements in the county's Comprehensive Annual Financial Report produced each year, recently in the range of pdf pages 210 to pages 213. Here is where we first see the highly beneficial impact of FAA grant money which allows the airport to operate at a net loss by traditional accounting standards, while it continues to pay down its debt and build up cash reserves. Normally an enterprise must be profitable to do this. The FAA imposes large burdens on entities to run its airports according to the national plan for airports. Further, the FAA conducts its own safety studies and produces regulations which all participants in the aviation industry must conform. The advantage is that we have a uniform airspace system that operates as best possible, taking into account all the competing interests for using the airspace and maintaining the highest levels of safety and desirability for all concerned parties. The carrot the FAA offers to get all the players to line up with these requirements is to pay for the costs of building the runways and taxiways, as well as improving those runways and taxiways from time to time. The airport users and operators are left to focus on the costs of maintaining the aircraft storage and airport services. If we continue to partner with the FAA, we can safely operate at a loss while ensuring sound financial performance and solvency for the AEF.

YEAR	UNRESTRICTED CASH	DEPRECIABLE CAPITAL ASSETS	NON-DEPRECIABLE CAPITAL ASSETS	NON-CURRENT BONDS PAYABLE	NET PENSION LIABILITY	TOTAL NET ASSETS	UNRESTRICTED NET ASSETS	INCOME OR LOSS BEFORE CAPITAL CONTRIBUTIONS	DEPRECIATION AND AMORTIZATION	FAA CONTRIBUTED FUNDS
2005	\$1,039	\$7,611	\$8,888	\$6,093	\$0	\$13,856	\$172	(\$10)	\$687	\$ 365,115
2006	\$1,363	\$6,937	\$11,341	\$5,854	\$0	\$14,157	\$261	\$301	\$674	\$ 665,928
2007	\$813	\$9,082	\$9,568	\$5,590	\$0	\$14,015	\$173	(\$377)	\$587	\$ 996,820
2008	\$665	\$13,863	\$5,948	\$5,436	\$0	\$15,272	\$311	(\$338)	\$693	\$ 235,397
2009	\$711	\$14,253	\$5,685	\$5,277	\$0	\$15,643	\$399	(\$496)	\$748	\$1,585,140
2010	\$822	\$14,564	\$4,836	\$5,118	\$0	\$15,264	\$412	(\$682)	\$855	\$ 856,406
2011	\$1,182	\$14,297	\$4,292	\$4,949	\$0	\$15,096	\$889	(\$179)	\$960	\$ 292,123
2012	\$1,503	\$13,334	\$4,487	\$4,876	\$0	\$14,853	\$1,238	(\$254)	\$963	\$ -
2013	\$1,909	\$12,419	\$4,371	\$4,586	\$0	\$14,421	\$1,657	(\$457)	\$915	\$ 119,597
2014	\$2,106	\$11,630	\$4,182	\$4,366	\$0	\$13,741	\$2,181	(\$705)	\$845	\$ 28,229
2015	\$2,317	\$10,492	\$4,182	\$4,210	\$973	\$11,920	\$2,051	(\$723)	\$753	\$ -
2016	\$2,609	\$9,861	\$4,182	\$4,046	\$1,083	\$11,736	\$1,464	(\$184)	\$631	\$ -
2017	\$2,908	\$9,297	\$4,321	\$3,878	\$1,342	\$11,748	\$2,177	\$12	\$602	\$ -
Totals								(\$4,092)		\$5,144,755

Table 5 – Selected Airport CAFR Data

- m) Some AEF land is not needed for airport operations and can be used to generate additional revenue for the AEF – the solar projects at San Martin and Reid Hillview are a good example, as is the corner lot at Capitol Expressway and Tully Avenue. Staff is working on this item as a part of the Business Plan Update.

County of Santa Clara County Counsel




CC02 081208

Prepared by: Susan Swain
Senior Lead Deputy County Counsel

Reviewed by: Miguel Marquez
Assistant County Counsel

DATE: August 12, 2008

TO: Board of Supervisors

FROM: 
Ann Miller Ravel
County Counsel

SUBJECT: Report Back on Legal Options Relating to Reid-Hillview Airport

RECOMMENDED ACTION

Consider recommendations relating to legal options relating to Reid-Hillview Airport.

Possible action:

- a. Under advisement from March 18, 2008 (Item No. 17): Accept report from the Office of the County Counsel relating to legal options relating to Reid-Hillview Airport.
- b. Direct the Administration and/or County Counsel to take any action the Board deems appropriate.

REASONS FOR RECOMMENDATION

At the March 18, 2008, Board of Supervisors meeting, the Board asked that County Counsel report to the Board with an analysis of the legal options associated with continuing or discontinuing the present use of Reid-Hillview Airport property. This report responds to the referral.

As explained more fully below, should the County decide to sell or lease all or part of the Reid-Hillview Airport, the Federal Aviation Administration (FAA) could raise objections based on certain grant assurances the County agreed to when it accepted certain grants from the FAA. If objections were raised, the County could pursue a number of options that, if successful, would allow the County to sell or lease all or part of the property notwithstanding objections raised by the FAA. In brief, the County could pursue the following:

- Petition the FAA. The County could petition the FAA to sell or lease all or part of the Reid-Hillview Airport on the basis that it is no longer needed for civil aviation purposes.
- Legal Challenge to Any FAA Action to Deny Petition to Sell or Lease Airport Land. If the FAA denies the County's petition to sell or lease the airport, that action could be challenged on the basis that it is arbitrary and capricious, or on the basis that it is contrary to the County's rights under the U.S. Constitution. Some of the legal arguments the County could assert include the following:

- Improper Retroactive Application of Grant Assurances. The County could assert that grant assurances restricting the use of airport land and revenues, entered into years after the grants under which the County acquired airport land, cannot be retroactively applied to restrict the County's use of land acquired under those past grants.

- Limited Duration of Grant Assurances. The County could assert the grant assurances which the FAA alleges would restrict the County's ability to sell or lease the airport land are effective only as long as the airport is operational. None of the grants explicitly require the County to continue operating the airport, and the assurances made by the County specific to the grants used to acquire airport land have been fulfilled.

- Rescission. The County could seek to rescind, or in essence cancel, the present and past grant agreements by returning funds to the FAA on the basis that it is in the public interest to do so.
- Seek Congressional Relief. The County could seek the assistance of its federal representatives to enact legislation allowing the County to sell or lease all or part of the airport.

BACKGROUND

The Reid-Hillview Airport was originally constructed and opened in 1939 by Cecil Reid as Reid's Hillview Airport, a private airport open to the public. The County acquired the airport, then approximately 65 acres in size, in 1961.

Over the next several years, the County acquired additional land to expand the airport to its current size of approximately 180 acres, receiving several grants from the FAA for that purpose. The County received FAA grants in the following years and amounts to be used either solely or in part to acquire land: 1) 1962 (\$363,285); 2) 1963 (\$384,878); this grant was subsequently amended in 1967 (\$398,010) to cover the cost of additional land; 3) 1964 (\$346,570); and 4) 1971 (\$22,145).

The County has received numerous additional grants from the FAA to help pay for development and improvements to the Reid-Hillview Airport. Most recently, in 2006, the County accepted a grant of \$1,200,000 for noise abatement. In 2007, the County received its last two FAA grants for the airport. The first of these grants was in the amount of \$551,300 for security fencing, and the second was in the amount of \$475,000 for the acoustic treatment of houses located north of the airport.

All grants come with terms, or "assurances," that the County must agree to abide by. The vast majority of grants entered into by the County, including the most recent ones, include language limiting certain assurances to: "the useful life of the facilities developed under the Project but in any event not to exceed twenty (20) years from the date of acceptance of an offer of Federal aid for the Project."

In 2001, 2003, 2005, 2006 and 2007, the County entered into grant agreements containing a new assurance providing that "there shall be no limit on the duration of the terms, conditions,

and assurances with respect to real property acquired with federal funds."

Starting in 2006, the grant agreement the County entered into contained the additional assurance that "[f]or land purchased under a grant for airport development purposes . . . , it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value" The assurance further provides that if airport land is sold, the government must receive its proportionate share of the fair market value from that lease or sale. This additional assurance was based on a change in federal law requiring certain assurances be given in exchange for the receipt of FAA grants.

The County has also agreed to a grant assurance requiring that it file an Airport Layout Plan (ALP) which must be approved by the FAA. Under the U.S. Code provision requiring airport sponsors to agree to this assurance, any changes or modifications to the ALP, such as the sale or lease of airport property, must be approved by the FAA. This ALP is made part of the grant agreement and attached as "Exhibit A" to that agreement, listing all property composing the airport, whether purchased with federal funds or the sponsor's own funds.

Lastly, the County has agreed to a grant assurance requiring that any "revenue generated by a public airport" will be used for operating expenses of the existing airport or airport system, or will be used on other air facilities, for as long as Reid-Hillview is used as an airport.

When the County previously considered the possible closure of Reid-Hillview Airport, and recently in its letter to the Board of March 7, 2008, the FAA has expressed the view that the County is legally obligated under the terms of the grant agreements to continue the operation of Reid-Hillview airport.

Options Should the Board Choose to Close Reid-Hillview Airport

1. Petition to Sell or Lease Airport Property

a. Process to Petition to Sell or Lease Airport Property

The FAA issues "Orders" interpreting its statutory authority. To ensure compliance with grant assurances, the FAA issued Order 5190.6A (Airport Compliance Requirements). Pursuant to this Order, the FAA sets forth an administrative procedure providing that the FAA has authority to approve or prohibit a sponsor's attempt to close, sell or lease an airport funded

under FAA grants. Section 7-18 provides that a sponsor must obtain permission to delete any property shown on "Exhibit A" to the grant agreement, which will only be granted if the land is not needed for present or foreseeable public airport purposes.

Section 7-20 further provides that a sponsor seeking to dispose of an airport for non-airport purposes must make a request to that effect to the Associate Administrator for Airports, including exhibits and documents justifying the request. Each request to release an airport sponsor prior to the expiration of the grant assurances, which are discussed below, is considered by the Associate Administrator for Airports on a case-by-case basis. The FAA will then make a determination on the request, though there is no set time line in which the decision must be issued.

When the FAA is asked to make any changes to grant agreements, its overarching concern is "the extent that such action will protect, advance, or benefit the public interest in civil aviation." The FAA considers several other factors, including the owner's past and present compliance with all airport agreements and actions to make a safe and usable airport for maximum use by the public; the reasonableness and practicality of the owner's request in terms of aeronautical facilities needed and priority of need; the net benefit derived by civil aviation and compatibility with civil aviation; and the consistency with the guidelines for specific kinds of releases as discussed in the FAA Order.

Section 7-37, subd. (b), of FAA Order 5190.6A provides that if an airport sponsor requests a modification of a grant assurance, it must be determined that one of the following apply: 1) the purpose for the provision is no longer applicable; 2) the modification of an agreement will not prevent the public purposes underlying the obligation and such action is necessary to protect the interest of the United States in civil aviation; 3) the modification will obligate the airport owner under new terms determined necessary in the public interest and to advance the interests of the United States in civil aviation; or 4) the modification will conform the rights and obligations of the owner to the statutes of the United States and Congressional intent.

The procedure described above is not codified in any statute but is only contained in FAA orders, which may be considered persuasive but which are not entitled to the deference of regulations or statutory law. Although the FAA procedure is detailed, as explained below, the County could assert that certain considerations are contrary to the relevant federal statutes. Finally, though the County holds title to all airport lands, the FAA may assert that it is entitled to certain monetary compensation, including substantial penalties, should the County attempt to sell or lease airport lands in whole or in part, without first seeking the FAA's permission as outlined above.

b. Petition to FAA on the Basis that the Reid-Hillview Airport is No Longer Needed for Civil Aviation Purposes

The County could petition the FAA to close the airport by demonstrating that it was no longer needed in the interests of civil aviation. The FAA has, in the past, agreed to closure of an airport. In *Friends of Richards-Gebaur Airport v. Federal Aviation Administration*, a pilots association challenged the FAA's decision to allow closure of the Richards-Gebaur Airport in Kansas City after the FAA concluded that it would result in a net benefit to aviation. In this case, the airport in question was operating at a substantial loss; in 1997, the airport lost \$18 million, which was heavily subsidized by the city's other two airports.

The city decided to seek closure of the airport in order to develop the land into a new intermodal rail-truck freight distribution center. The FAA and the city negotiated a memorandum of agreement to close the airport, which recognized the substantial losses and heavy subsidies by the two other city airports, which drained funds otherwise available to the latter two airports. The FAA found "that this financial burden was not necessary in a metropolitan area served by several other airports that remain open to general aviation." In return for closure of the airport and release from its grant assurances, the city agreed to deposit \$5 million into an escrow account to be used by the FAA for airport improvement projects; additionally, the city agreed that for the first 20 years of its lease with the rail-truck operator, the income would be deposited in the city's aviation account to be used solely for aviation purposes. With the above facts and this agreement in mind, the Court of Appeal held that "it was reasonable for the FAA to determine that a release providing a net benefit to aviation is 'necessary' to protect or advance civil aviation interests within the language of the statute."

Should the FAA oppose the County's sale, or lease of, a portion of Reid-Hillview, as a matter of due process, the FAA would have to justify why the airport would continue to be needed for civil aviation purposes. If the County can counter these reasons, or otherwise demonstrate why closing the airport would be beneficial as was the case with the Kansas City airport discussed above, or demonstrate that continued operation of the airport poses a public nuisance, it may be able to attack any FAA determination prohibiting the County from closing the airport.

If a petition to sell or lease all or part of the Reid-Hillview Airport were denied on the basis that the FAA continues to believe the airport is needed for a civil aviation purposes, the

County could argue that such a sale or lease would be consistent with the County's due process rights and statutory law.

c. Closure of Other Municipal Airports

Other municipalities have attempted to close airports, or otherwise restrict activities, with varying degrees of success. The City of Santa Monica attempted to ban jets landing at its airport, but the FAA blocked the ban by filing a cease and desist order and initiating enforcement proceedings against Santa Monica, relying on grant assurances agreed to by the city. In 2007, the City of Oceanside explored closure of its airport in favor of a mixed use development, but abandoned the effort following FAA objections that the city was bound to continue operating its airport in light of its acceptance of FAA grants.

Other attempts to close municipal airports have been successful, although the methods have been different. In Kansas City, the city was able to reach a settlement with the FAA to close Richards-Gebaur Airport. The FAA released Kansas City from the grant assurances on the condition that the funds from the proceeds of the sale would be used for other airports in the area and revenue from the planned lease of the land would continue to be used for transportation purposes for 20 years, and also due to the existence of other airports in the area which were considered sufficient to support aviation.

In Austin, Texas, the city closed the Austin-Mueller Airport, without the FAA's objection, based on the premise that the airport's general aviation operations would be moved to Bergstrom Air Force Base. The closure took three years and construction of a mixed-use development began on the former airport land.

In Chicago, in 2003, Mayor Richard Daley bulldozed the runway at Meigs Field without notifying the FAA. After years of legal action, the city agreed to repay \$1 million the FAA claimed was illegally diverted to demolish the airport. The land used for the airport was not acquired with federal funds in this case, but was leased by the city. The FAA also fined the city \$33,000, the maximum possible, for failing to provide advance notice of its plans to close the airport. Similar conduct today would have resulted in a \$300,000 fine. As part of the settlement, the city denied wrongdoing.

2. Legal Challenge to Any FAA Action to Deny Petition to Sell or Lease Airport Land

If the County petitions the FAA for a modification of its grant assurances in order to sell or lease all or part of the airport land and the FAA denies that petition, section 706 of Title 5 of the U.S. Code (the Administrative Procedures Act) provides that an administrative agency's decision may be overturned by the court if it is: 1) arbitrary, or capricious or an abuse of discretion; 2) contrary to a constitutional right or power; 3) exceeds the statutory jurisdiction of the agency; or 4) fails to follow procedures set forth in the law. This same section provides that a court may compel the FAA to take an action unlawfully withheld or unreasonably delayed.

If the County were to apply to sell or lease all or a portion of the airport land, and the FAA withheld permission to modify or cancel the grant assurances, the County could argue to a court that the FAA determination should be overturned on any one of the above bases.

a. Improper Retroactive Application of Grant Assurances

An assurance in the County's grant agreements with the FAA provides that the County "will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary." (Exhibit A is a document that shows a plot of the existing land boundary for an airport and includes a description of each parcel that makes up the property boundary.) This assurance is not necessarily limited to land acquired with federal funds; it also extends to property that was acquired without federal assistance but "shown on Exhibit A."

The County could argue that the restrictions related to federally-funded property should not apply to Reid-Hillview. Not until just prior to the 2005 grant did Congress amend the relevant statute to indicate that the federal government's interest in real property should apply retroactively. Specifically, 49 U.S.C. § 47107(c)(1)(A) provides that land purchased with a grant "before, on or after" December 1987 is considered land that "is needed for an airport purpose" (except a noise compatibility purpose), if that land is needed for an aeronautical purpose and revenue generated from the land contributes to the self-sufficiency of the airport.

This statute was more recently amended to provide that land that "was or will be acquired for an airport purpose" can only be sold when land is no longer needed for an airport purpose; when the land is sold the Government is then entitled to its proportional share of the proceeds. 49 U.S.C. § 47107(c)(2)(b). The FAA's "Policy and Procedures Concerning the Use of Airport Revenue: Notice," as set forth in the Federal Register, states that the above amendment was a clear declaration of legislative intent for retroactivity. The County could argue that such an attempt at retroactive action by the FAA and Congress violates due process or stands in contradiction to the presumption that statutes affecting substantive rights and liabilities must have a prospective effect only.

Furthermore, the last purchase of airport property with federal funds was in 1971, some 37 years ago. The federal government, however, did not begin imposing indefinite restrictions on property acquired with federal funds until 1982. The 1962, 1963, 1964, and 1971 grants did not include language that later appeared for the first time in subsequent County grant agreements indicating that the duration of assurances with respect to real property had no limit. The County could reasonably argue that the indefinite real property assurance should not apply retroactively to property acquired at a time when the FAA did not impose unending assurances on publicly-sponsored airports. In that case, any obligation on the assurances and/or to continue operation of the airport expressed or implied in the 1962, 1963, 1964, and 1971 grant agreements expired no later than 1991.

b. Limited Duration of Grant Assurances

In the past, the FAA has alleged that pursuant to the grant assurances, the County cannot accept grant funds and then close the airport before the useful life of the funded improvements has expired or the passage of 20 years, whichever occurs earlier. Under that reasoning, the County would be obligated to continue operating the airport for the useful life of the facilities developed with the 2007 grant, but not past 2027, assuming no additional grant funds were accepted in the interim. The FAA would have to approve the closure of the airport during that time.

There are, however, arguments in favor of airport closure notwithstanding the grant assurances. The County could contend that the grant assurances should only be effective as long as the airport is operational. Under that interpretation, the assurances would only be relevant as long as the County chose to run Reid-Hillview. If the County decided to stop operating the airport, there is no sound justification for prohibiting the sale or lease of the airport land, especially since the assurances made by the County specific to the grants used to acquire the land have been fulfilled.

None of the 39 grant assurances the County has agreed to explicitly requires that the airport remain operational. Thus, the FAA's interpretation is at best only implied in the assurance language. The argument could accordingly be made that by failing to expressly require airport operation for a specified period, the grant assurances permit the County to close the airport.

Notably, in 2007, the FAA wrote a letter to the City of Oceanside, which was considering allowing its 20-year grant with the FAA to expire, closing its airport and selling the land for development. The FAA took the position that because airport property was acquired with federal funds, "the obligation to keep the Airport open as an airport does not expire, since there is no limit on the duration of the obligations with respect to real property acquired with federal funds." This is an extreme position that would appear to lock in an airport sponsor to carry on airport activities in perpetuity. Whether a court would find this to be reasonable is unclear. This is particularly true where, as here, the FAA's position depends on the retroactive application of a statutory change to expired grants.

3. Rescission of Grant Agreement

Courts have held that a grant agreement may be considered a kind of federal contract. Under federal contract law, the remedy of rescission allows a party to seek disaffirmance of a contract and the return to the status quo that existed before the transaction was executed. Because there is little controlling federal common law on rescission, at least one court has looked to the laws of the state in which the claim arose to determine whether rescission was warranted.

In California, a party to a contract may rescind the contract if a statutorily-enumerated ground for rescission exists, one of which is "[i]f the public interest will be prejudiced by permitting the contract to stand." (Civ. Code section 1689, subd. (b)(6).) Because the relevant statute requires a rescinding party to have a cause for rescission, it would not suffice for the County merely to return to the federal government the grant money it has received over the years. Instead, the County would be required to argue that it is entitled to rescind the contract because the public interest would be prejudiced if the contract were allowed to stand. It would be possible to substantiate this claim, for example, if the County could show that there is no longer a need for the airport, and its continued operation is unnecessarily diverting funds that could be used for other vital public services. The County may also be able to substantiate this claim if the County were able to argue that the Airport constitutes a public nuisance, since allowing such a nuisance to continue to exist would presumably constitute a "prejudice" to the

public interest.

As noted above, rescission would not be effected merely by returning to the FAA the grant monies received to date. Instead, the County would be required to offer to restore all the benefits it received under the grants. If the FAA consented to the rescission, the grant agreements would be extinguished and the County would be relieved of the prohibition against the sale or lease of airport land. If, on the other hand, the FAA objected to the proposed rescission, a court could be called upon to resolve the matter. Assuming California law applied, a court would examine whether the County had just cause to rescind the agreements. This examination would likely include an analysis of whether the public interest was prejudiced by allowing the agreements to stand. Given the paucity of case law relating to the rescission of federal grants, a court might also look to other factors, as argued by the parties, when determining whether the County was entitled to rescind the agreements.

4. The County May Seek Congressional Relief

Notwithstanding the FAA's position as outlined above, the County may seek relief through its congressional delegation. The City of Rialto, California, for example, was able to secure a provision in a federal transportation bill that directed the FAA to permit Rialto to close the Rialto Municipal Airport, with certain restrictions on the proceeds of the sale of the property.

CONCLUSION

Should the Board determine that it wishes to pursue the sale or lease of the Reid-Hillview Airport, the legal procedures would be extremely complex and lengthy. In addition to the administrative processes of the FAA and possible ensuing litigation, the County would be required to adhere to CEQA processes.

ATTACHMENTS

- Supp. Info 1 - Correspondence from AOPA

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421 Aviation Way
Frederick, Maryland 21701

T. 301-695-2000
F. 301-695-2375

www.aopa.org

THIS RELATES TO

8-12-08 Item No. 41
Supplemental Information No.

1

August 8, 2008

Honorable Pete McHugh
Chairman
Santa Clara County Board of Supervisors
70 West Hedding Street
San Jose, CA 95110

Reference: August 12, 2008 Board of Supervisors meeting
Agenda item No. 41 – Report back on Legal Options Relating to Reid-Hillview Airport

Dear Pete:

As you know, the Aircraft Owners and Pilots Association (AOPA) represents the general aviation interests of 415,000 members, more than two-thirds of the nation's pilots- including 50,000 members in the State of California. AOPA is committed to ensuring the future viability and economic development of general aviation airports and their facilities as part of the state and national transportation system. Any activity that threatens the viability of a local airport and the national aviation transportation system causes us great concern. This is especially true as it relates to the continued operation of Reid-Hillview Airport (RHV).

I am writing to express serious concern relating to some of the content of County Counsel's analysis. After carefully reviewing the memo, some of the data included by Counsel is, in our opinion, incomplete, misleading and inaccurate.

The memo states that four options exist for the county (memo page 2 – Reasons for Recommendations). Three of these four items relate directly to the Federal Aviation Administration's Federal Grant Assurances as codified in law under United States Code Title 49 §47107. There are a number of federal court cases that have indeed upheld the FAA's Grant Assurances and the agency's right to enforce those contractual obligations that are entered into between an airport sponsor such as the County and the FAA when federal airport development funds are provided for airport development or land acquisition.

Additionally, while it is true the County could petition the FAA stating the airport is no longer needed for civil aviation purposes, such permission is rarely granted and, in this case, extremely unlikely. In order to receive a favorable decision from the FAA, the airport sponsor must make the case that closing a public-use airport obligated under grant assurances creates a significant benefit to civil aviation. Over recent years, several local governments have petitioned the FAA to allow closure of their municipal airport. All

AIRCRAFT OWNERS AND PILOTS ASSOCIATION

Honorable Pete McHugh
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were denied when no benefit to civil aviation could be demonstrated. Closing Reid-Hillview Airport would not be a benefit to civil aviation, and it is difficult to see how the County constructs an argument that such a benefit would exist. Based on recent experience, we would expect the FAA to reject such a request.

On page 4 of the memo, under section b. Petition to FAA on the Basis that Reid-Hillview is No Longer Needed for Civil Aviation Purposes, the memo outlines the closure of the Richards-Gebaur Airport in Kansas City, MO.

We believe it is unreasonable to make use of this airport as a comparison of what could occur with Reid-Hillview. As County Counsel correctly notes, Richards-Gebaur was part of a three-airport system. That airport was significantly underused and was not holding its own financially. Additionally, other general aviation airports in the immediate geographic area had significant capacity available both in hangar and tie-down spaces as well as operational runway capacity.

These circumstances bear no similarity to the case with Reid-Hillview. The RHV Airport Enterprise Fund runs positive cash flow. The airport does not lose money each year and does not draw funds from either the County General Fund or other airports (San Martin and Palo Alto) in the County system.

All other general aviation airports in the immediate area are already "at capacity" and have no facilities available to base aircraft that would be displaced should RHV be closed.

Additionally, the U.S. Court of Appeals case challenging the FAA's decision to allow closure, a proceeding to which AOPA was a party, had little to do with challenging the airport closure as such but rather spoke to the FAA's authority to grant closure. At question were not only federal grant assurances but also the fact that Richards-Gebaur was deeded to the city under the Federal Surplus Property Act – which contains a number of covenants above and beyond the grant assurances that require the sponsor to keep the facility in service as a public-use airport.

County Counsel also asserts:

"Should the FAA oppose the County's sale, or lease of, a portion of Reid-Hillview, as a matter of due process, the FAA would have to justify why the airport would continue to be needed for civil aviation purposes."

In reality, the burden of justifying why the airport is no longer necessary to serve civil aviation falls squarely on the airport sponsor, the County, not the FAA, to make during the petition process.

Honorable Pete McHugh

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County Counsel details several other airport closures on page 5 under the heading c. Closure of Other Municipal Airports. Information included in this section is incomplete. This section details the current issue between the FAA and the City of Santa Monica Airport relating to restricting a category and class of aircraft – something prohibited under FAA Grant Assurances. The memo states that the FAA “blocked” implementation of the restrictions. That is true. However, what is not mentioned is that the City appealed to the U.S. District Court for relief. The federal court upheld the FAA actions under grant assurances.

An example is provided of an airport closure not opposed by the FAA. That airport was Robert-Mueller Airport in Austin, TX. However, significant details regarding this issue are missing from the memo.

Robert-Mueller Airport was an airline airport much like San Jose International with both airline and general aviation operations. The airport was significantly restricted and did not have the ability to obtain additional land needed for airport expansion of facilities; something the airport desperately needed to accommodate larger airline flights.

Under the federal Base Realignment and Closure (BRAC) law, the Bergstrom Air Force Base was targeted for closure (only about 3 miles southeast of Robert-Mueller) and offered to the City of Austin for use as an airport. Seizing on the opportunity to acquire an airport that would accommodate the city’s future airline needs, operations from Robert-Mueller Airport were relocated to Bergstrom. The Robert-Mueller airport closure was a SWAP for another local airport, which would increase capacity. With the larger facility at Bergstrom, the FAA rightfully determined there would be a significant benefit to civil aviation in allowing the transfer.

Meigs Field in the City of Chicago is yet another example discussed in the memo. The memo notes that the airport was not acquired with federal funds – something that is only a portion of the equation. Grant assurances apply not only to land purchased with federal funds but also airport development funds provided by the FAA to develop and improve an airport.

It is extremely important to note that Meigs Field was not federally obligated under federal grant assurances. All previous grant assurances had expired – which is not the case with RHV. RHV is obligated to the federal government under grant assurances that cover both acquisition of land with federal funds as well as airport development funding. Meigs Field was essentially “private” property owned by the city of Chicago.

County Counsel’s memo to the Board concludes by stating:

“Should the Board determine that it wishes to pursue the sale or lease of the Reid-Hillview Airport, the legal procedures would be extremely complex and lengthy. In addition to the administrative processes of the FAA and possible ensuing litigation, the County would be required to adhere to the CEQA process.”

Honorable Pete McHugh
Page 4
August 8, 2008

AOPA agrees completely with County Counsel's conclusion. The FAA has gone to great lengths to defend airports like Reid-Hillview Airport at all costs – especially when the airport is as important to the transportation system as Reid-Hillview. The agency has indicated to us that they are prepared to take any and all action necessary to ensure that the airport continues to be operated as a publicly owned, public-use airport. Based on our extensive experience with the FAA, the agency is quite aggressive in protecting the federal investment in public-use airports. We are certain that should the Board take any action leading to an effort to close the airport, that action will be met with expensive and lengthy litigation. Additionally, AOPA will work diligently taking any action necessary to ensure RHV remains open and available to meet aviation transportation demands just as we have with previous efforts to close the airport.

For these reasons, we urge you to take no further action to close Reid-Hillview Airport.

Sincerely,



Bill Dunn
Vice President
Local Airport Advocacy

cc: Honorable Don Gage
District 1

Honorable Blanca Alvarado
District 2

Honorable Ken Yeager
District 4

Honorable Liz Kniss
District 5

Mark McClardy, Manager
FAA Western Pacific Regional Office
Airports Division

County of Santa Clara
Roads & Airports Department
Airports Division



RA05 081208

Prepared by: Carl Honaker
Director, County Airports

Reviewed by: Michael Murdter
Director, Roads & Airports Department
Sylvia Gallegos
Deputy County Executive

DATE: August 12, 2008

TO: Board of Supervisors

FROM: *M. J. Murdter*
Michael Murdter
Director, Roads & Airports Department

SUBJECT: Reid-Hillview Airport Grant History

RECOMMENDED ACTION

Accept report relating to grants accepted from the Federal Aviation Administration (FAA) for acquisition and development of Reid-Hillview Airport.

FISCAL IMPLICATIONS

None.

BACKGROUND

At its March 18, 2008 meeting the Board referred action to staff for a report back relating to the legal issues surrounding the possible re-use of Reid-Hillview Airport. County Counsel has prepared the legal analysis. This companion report relates to the grant history of the airport. The attached spreadsheet shows all FAA grants received by the County for land purchase and capital improvements at Reid-Hillview since the County took over the airport in the early 1960s. The total FAA investment in Reid-Hillview Airport from 1962 to present is approximately \$9.1 million. The spreadsheet also shows the amortization of construction grants that are still within the 20 -year grant assurances window; the estimated total current value of these grants is just under \$4 million.

The attached synopsis of the history of the airport's growth shows the acquisition history of the numerous parcels of private property that constitute the current airport. The County purchased the airport from the Reid family in 1961 for approximately \$600,000 and then leased it back to them for several years until the County had the staff to manage the airport itself. The County then proceeded to purchase a number of private property parcels to allow for the expansion of the airport. These parcels were later consolidated as shown on the attached property map for the administrative purposes of obtaining retroactive FAA grant funding for the acquisitions, but incomplete records make it difficult to determine the identity of the original parcels comprising each of the consolidated parcels.

The FAA's precise financial participation in the original land purchases at Reid-Hillview is difficult to determine because two of the four grants received for property acquisition between 1962 and 1971 also included funding for airport development. In addition, all four of the property grants refer to only the consolidated parcel numbers mentioned above and do not list the individual parcels that comprise each. Nevertheless, it may be that the FAA participated financially, to some extent, in the purchase of all of the parcels and from the available records the overall FAA funding contribution was approximately 50%.

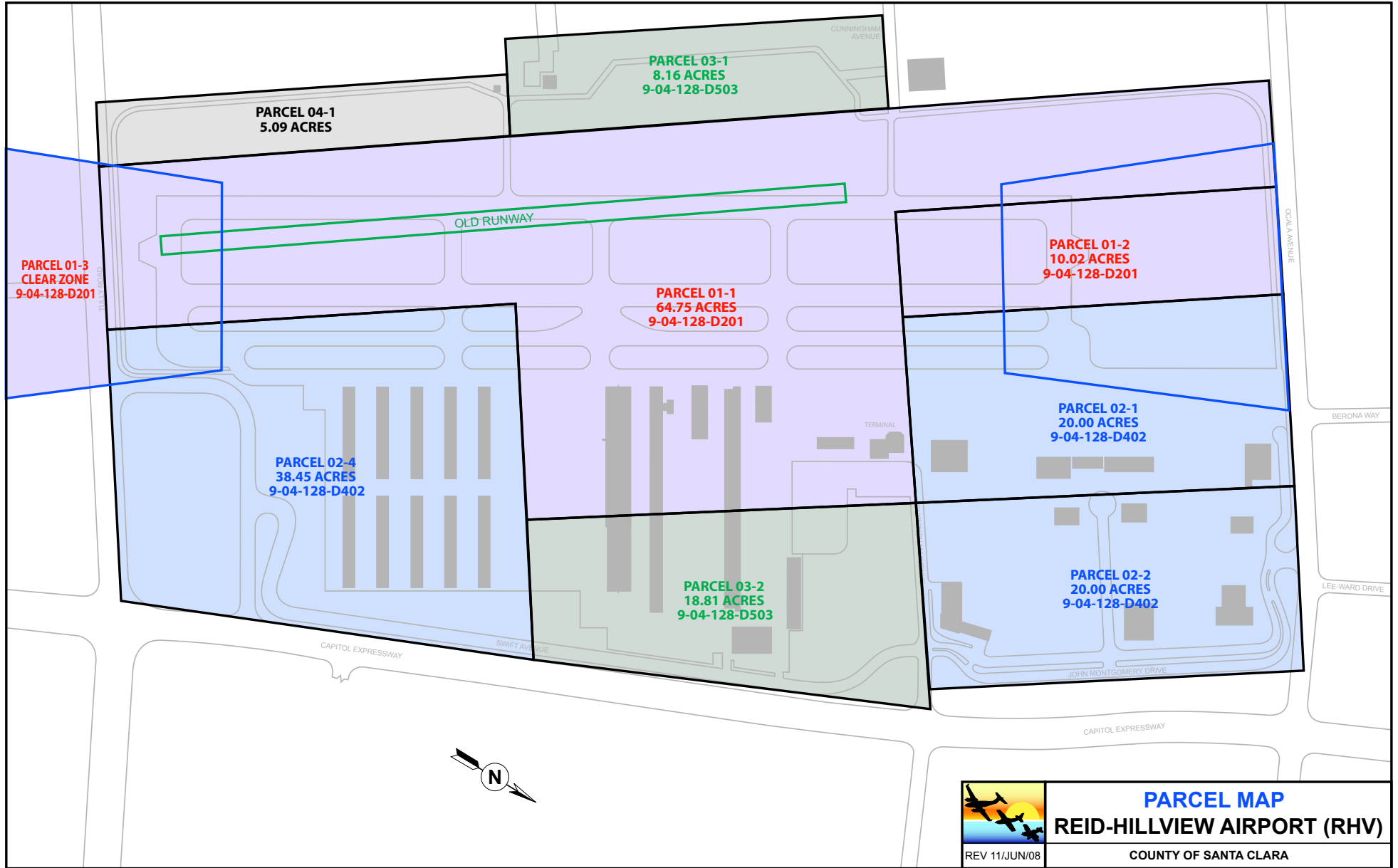
CONSEQUENCES OF NEGATIVE ACTION

None. The subject report is for information only.

ATTACHMENTS

- Map of Reid-Hillview Airport Property Parcels
- Reid-Hillview History Summary
- Reid-Hillview Airport Grant Summary 1962-present

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PARCEL MAP
REID-HILLVIEW AIRPORT (RHV)
 COUNTY OF SANTA CLARA

REV 11/JUN/08

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REID-HILLVIEW HISTORY

- 1939 Original construction of private airport, open to public, by Cecil Reid, et al. 46-acres of land, expanded to 57 acres after World War II. Two 2,700-foot parallel runways (1 paved, 1 turf), threshold lights, administration building, restaurant, and 15 T-Hangers.
- 1940 45 Aircraft stored in hangers. 167 aircraft tied down.
- 1941 Airport temporarily closed by Federal Government because of World War II.
- 1946 Airport reopened after World War II. It was the first civilian airport to open on the west coast.
- 1948 "Master Plan of Airports - Santa Clara County, California", this report includes Reid-Hillview as an important part of the regional aviation system.
- 1949 300 aircraft tied down. Hangers for 45 more aircraft.
- 1959 Resolution by San Jose City Council provided for future growth of airport as an integral part of east side community growth, and encouraged County to purchase and operate the airport, allowing San Jose Municipal to be developed for commercial passenger service.
- 1960 "Airport Study - General Aviation Requirements" by Friedland. This report led to County buying Reid's Hillview Airport.
- 1961 County purchased airport from Cecil and Bob Reid for \$600,000 on the recommendation of 1960 Friedland Report. 65 acres leased back to Reid until 1965. The airport name was changed to Reid-Hillview Airport.
- 1962 . Resolution to condemn a clear zone air easement for Santa Clara County Reid Hillview Airport passed by Board of Supervisors.
- . Land acquisition:
- | | |
|--------------------------------------|-----------|
| Castaneda, Vincent P. | \$ 12,500 |
| Chavez, Moses and Ruth Ruiz (1 acre) | \$ 6,750 |
- 1963 . Operations greater than 800 daily. Fuel sales of more than 14,000 gallons monthly. Seven commercial operators on field. 259 total based planes.

. Land acquisition:

Acosta, Frank and Isabel Marron (0.38 acre)	\$ 3,000
Bondesen, Anton J.	\$ 17,000
Borba, Joseph C. & Emily	\$ 12,250
Brandon Construction Company (15.80 acres)	\$125,600
Carlos, Catarino and Mary V. (0.19 acre)	\$ 4,000
City of San Jose (land exchange plus payment from City to County of \$42,057.33)	
Duarte, Thelma (0.39 acre)	\$ 14,750
Garcia, Guadalupe G. and Dominga F. (50' x 165')	\$ 9,000
Jillson, Betty B. (50' x 240')	\$ 8,750
Mosqueda, George and Angie (1.17 acres)	\$ 11,500
Munoz, Senovia (1.17 acres)	\$ 12,500
Perales, Edward B. and Esther M. (65' x 217.5')	\$ 15,500
Perry, Earl C. and Ruth (74' x 255')	\$ 24,000

- 1964 . Construction of runway and apron paving, runway lighting and underground facilities.
- . County Bond Measure C rejected by County voters. Bond would have provided for improvement of Reid-Hillview and Palo Alto Airports, and land acquisition and development of the South County Airport.
- . Resolution establishing "Reid-Hillview Airport of Santa Clara County" as official name.

. Land acquisition:

Cadalbert, John & Margherita (1.01 acres - improvements consisted of frame and stucco dwelling, garage with 3-room apartment over chicken house and out buildings.)	\$ 27,200
City Title Insurance Company (480 sq. ft.)	\$ 10,010
City Title Insurance Company (1.10 acres)	\$ 4,000
Crutcher, William J. and Florence O. (1.17 acres)	8,000
DiSalvo, Nicholas A. and Frances	\$ 35,000
1) 1.16 acres	
2) 1.06 acres	
3) 3.0 acres	
Gilmore, Roy B. and Pearl M. L. (5.09 acres)	\$ 40,860
Guardian Capital Company (34.70 acres)	\$294,950
Lujan, Jose R. and Lucy S. (1 acre)	\$ 9,500
Machado, Julia (20 acres)	\$175,000
Torres, Edwiges L. and Amelia (0.43 acres)	\$ 6,500
Valley Title Company (20.04 acres)	\$161,250

- 1965 . 370 based aircraft early in 1965; 175 aircraft in latter 1965. Decrease was due to airport construction. The airport remained operational during construction, despite closing of the west parallel runway.

- . Reconstruct 2,700-foot runway, runway lights, and parallel taxiway. Parking ramps, fencing, Unit 1 aircraft hangers & shelters, temporary administration building, and roads constructed.
 - . The airport lease back agreement was ended and operational control of the airport passed to County.
 - . Construction of fueling facility.
- 1966
- . Completed construction of parking ramps and roadways, and commercial operator sites.
 - . Unit 2 Aircraft hangers & shelter
 - . Land acquisition:

Barnick, H.A. (3 parcels = 7.03 acres)	\$ 30,000
improved with aircraft repair shed and shops, 2 dwellings and a storage building	
Garcia, Guadalupe G. and Dominga F.	
Tabares, Juan & Mowrey, Theodore E. and Margaret T.	
(0.90 acre)	\$ 9,000
- 1967
- . Control tower constructed by FAA. (first fully transistorized air traffic control facility in the nation).
 - . FAA air traffic control tower commissions. T-Hangars completed by the FBO's.
- 1968
- . Airport receives FAA Certificate of Achievement for airport development. Dedicated Air Traffic Control Tower.
 - . Taxiway lighting and ramp lights installed.
 - . Aircraft hanger & shelter, Unit 3.
- 1969
- . 5 major FBO's operating. Nearly 400 based aircraft, and operations approached 300,000 annually.
 - . Completion of aircraft parking ramps on east side.
 - . Slurry sealing completed
- ~~State of California~~
- 1970
- . Completion of parallel west runway (eliminated in reconstruction in 1965); construction of permanent terminal. Sept: 293 aircraft. Fixed Base Operator aircraft totalled 150.

. Reaffirmation by San Jose City Council of 1959 statement of intent to support the Reid-Hillview Airport in its present location.

. Land acquisition:

County Tax Collector (1.12 acres) \$2

1971 Santa Clara County Airport Land Use Commission (ALUC) formed.

1974 Construction of runway lighting system.

1975 . Started slurry sealing program for upkeep of existing pavement.

. Total preparations greater than 300,000 per year. 470 based aircraft at the field.

1977 Second slurry seal project.

1978 Third slurry seal project.

1979 Construction of security gate.

Reid-Hillview FAA Grant Summary

Grant Award Year	Grant Amount	Annual Depreciation	Grant Assurance Final Year	Assurance Years Remaining	Depreciated Value	Grant Number	Purpose of Grant
1962	\$ 363,285.00		Undetermined*			FAAP-D201	Land acquisition (Parcels 01-1, 01-2 & 01-3)
1963	\$ 398,010.18		Undetermined*			FAAP-D402	Land acquisition (Parcels 02-1, 02-2 & 02-4); relocate Cunningham Ave
1964	\$ 346,570.00		Undetermined*			FAAP-D503	Construct runway and parking apron, entrance, perimeter fence, acquire land (Parcels 03-1 & 03-2)
1965	\$ 78,701.00		1985			FAAP-D604	Construct tie down apron and drainage
1966	\$ 37,215.00		1986			FAAP-D805	Extend aircraft parking apron, relocate field lighting controls to ATCT, apron floodlights
1967	\$ 13,292.10		1987			FAAP-D906	Install MI taxiway lighting
1968	\$ 28,227.90		1988			FAAP-D907	Install apron floodlighting, apron extension
1969	\$ 42,086.39		1989			FAAP-7008	Construct parallel runway and taxiways
1971	\$ 22,145.00		Undetermined*			ADAP 8-06-0225-01	Land acquisition 5.1 acres (Parcel 4-1).
1983	\$ 287,100.00		2003			3-06-0225-01	Construct Taxiway, Rehab Rwy Lighting
1984	\$ 990,000.00		2004			3-06-0225-02	Expand aircraft tiedown apron
1988	\$ 556,392.00		2008			3-06-0225-03	Overlay and improve various airport surfaces
1998	\$ 1,360,300.00	\$ 68,015.00	2018	10	\$ 680,150.00	3-06-0225-04	Safety Improvements and Infrastructure Repair
1998	\$ 151,200.00	\$ 7,560.00	2018	10	\$ 75,600.00	3-06-0225-05	FAR 150 Noise Study
2000	\$ 280,000.00	\$ 14,000.00	2020	12	\$ 168,000.00	3-06-0225-06	Masterplan Update
2001	\$ 180,000.00	\$ 9,000.00	2021	13	\$ 117,000.00	3-06-0225-07	Paving, PCL, Beacon Repair
2002	\$ 774,100.00	\$ 38,705.00	2022	14	\$ 541,870.00	3-06-0225-08	Paving, PCL, Beacon Repair phase 2
2003	\$ 554,500.00	\$ 27,725.00	2023	15	\$ 415,875.00	3-06-0225-09	Perimeter fencing, Access Control Phase 1
2005	\$ 435,000.00	\$ 21,750.00	2025	17	\$ 369,750.00	3-06-0225-10	Signing and marking, apron rehab phase 2
2006	\$ 1,200,000.00	\$ 60,000.00	2026	18	\$ 1,080,000.00	3-06-0225-11	Noise Operations and Flight Tracking System
2007	\$ 551,300.00	\$ 27,565.00	2027	19	\$ 523,735.00	3-06-0225-12	Perimeter fencing, access control Phase 2
2007	\$ 475,000.00	\$ 23,750.00	2027	19	\$ 451,250.00	3-06-0225-13	Acoustic insulation of homes
Totals	\$ 9,124,424.57				\$ 3,971,980.00		

*Expiration date of the grant assurances for grants used to acquire real property has not been determined.