

Mr. Eric S. Peterson  
Director of Aviation  
Santa Clara County Airports  
2500 Cunningham Ave.  
San Jose, CA 95148

June 11, 2018

Dear Mr. Peterson

Re: County Airport Business Plan

My comments applicable to the County Airport Business Plan are limited to the following areas:

- **Reid-Hillview Airport Fixed Base Operator (FBO) /Specialized Aviation Service Operators (SASO) Leaseholds.**
- **San Martin Airport Fixed Base Operator (FBO) Leasehold.**
  - Option I**
  - Option II**
- **Federal Aviation Administration (FAA) - Airport Improvement Program (AIP).**
- **Alternative use for generating revenue on vacant county owned aircraft storage hangars at San Martin Airport.**

#### **Reid-Hillview Airport FBO & SASO Leaseholds**

The proposal to redevelop and reduce the current FBO/SASO leasehold properties from the current nine to two, would be a BOLD undertaking and a far too drastic and an unnecessary change. There is merit to reducing the number of FBO/SASO leaseholds, but three leaseholds would be the optimum number to include two full-service FBO leaseholds (including fueling) and one SASO leasehold

Additionally, the proposal to convert a substantial portion of existing FBO/SASO leasehold properties to non-aviation use should be abandoned. The Business Plan assumes that there is insufficient demand for continued aviation use of the current FBO/SASO leasehold properties in total and in the foreseeable future / planning horizon.

The aviation demand is currently present for full use of the existing Reid-Hillview Airport (RHV) FBO-SASO leasehold properties and any assumption that the demand will not continue to be there in the foreseeable future and planning horizon is without merit.

There is more than adequate available airport property for non-aviation uses to enhance the Airport Enterprise Fund (AEF), without reducing the existing RHV General Aviation leasehold property area.

#### **San Martin Airport Fixed Base Operator (FBO) leasehold property**

The existing lease land associated with FBO leasehold should as a minimum be modified/reconfigured to include some assignment of existing aircraft storage hangar facilities with future FBO leasehold in order to enhance the financial viability of a full-service FBO leasehold.

San Martin Airport is a semi-rural airport and does not have the demographics in the south county region to sustain a major FBO leasehold without revenue enhancements i.e., Aircraft Hangar Storage facilities.

The current San Martin Airport FBO leasehold requires the leaseholder to provide fueling and flight training. Currently these two cost centers are not meaningfully profit centers due to low demand.

The current demand for Flight Training is insufficient to make this cost center a meaningful profit center. The demographics in the South County region are just not there to support substantial flight training. The same applies to fueling. The demand for these two support activities will eventually increase, but with many uncertainties for the foreseeable years.

**Option I San Martin Airport FBO leasehold:**

Permit the FBO leasehold Request For Proposal (RFP) to include some aircraft storage facilities currently under the control of the existing FBO leasehold. This will enhance the financial viability of the next full-service FBO leasehold over the duration of a long term land lease.

**Option II San Martin Airport FBO leasehold:**

Permit the FBO leasehold Request For Proposal (RFP) to include the existing FBO hangar storage facilities in total. Under this option the county would establish a formula for revenue sharing between the FBO leasehold and the county. Under this option, the FBO would assume full responsibility for the control (tenant assignment), operation and maintenance of the existing hangar facilities. This option would relieve the county obligation to manage and incur the personnel and overhead costs to operate and maintain these facilities. Many of the hangars are substantially very old and in need of repairs. This option would provide the FBO leasehold with long term financial stability. It also would avoid major tenant disruptions that will occur with the transfer of these facilities to full county management and control. Additionally, this option would enhance goodwill with the existing FBO leasehold hangar tenants, many who have been long term hangar tenants in these facilities for years.

Additionally, it is highly questionable if the County Airport Administration can ramp up (increase) its personnel staffing in sufficient time to meet the timeline to fully assume full responsibility for management and operation of these hangars. The responsibility for the operation, maintenance, and assignment of hangar tenants has the potential to substantially overload the County Airport staff and cause major disruption in tenant / airport relations.

With regards to hangar rate structure, differential and fair pricing of these aircraft hangar storage facilities, will be essential to maintain goodwill with the current hangar tenants / users. These hangars vary substantially in size, condition and age. All of which will require substantial pricing analysis to establish differential fair rental pricing associated with the hangars.

In conclusion, any future FBO leasehold at the San Martin Airport must be reasonable to ensure airport and tenant goodwill.

An adequate return on investment (ROI) for the FBO leasehold, is essential in order to limit financial risk and ensure financial stability over the life of the lease..

**Federal Aviation Administration (FAA) - Airport Improvement Program (AIP).**

The county consideration to not pursue and accept future FAA AIP funds is **ill advised**. To profess that the county gives up too much control by accepting AIP funds is **without merit**. Santa Clara County continually accepts Federal and State grant funds for a variety of county programs. Such grant funds all come with some level of grant assurances which the county willingly accepts. In fact, it would be financially irresponsible for the County to not

pursue and accept FAA-AIP funds. To single out County Airports, to not apply for and accept FAA-AIP funds, appears on the surface to nothing less than a political ploy. It places undue financial pressure on the Airport Enterprise Fund (AEF).

The argument that FAA AIP grant obligations are too constraining for the County to accept has false pretenses. The FAA has always been flexible and reasonable in assisting airports with grant compliance.

Not to pursue and accept FAA AIP grant funds is foolish.

**Alternative use for generating revenue on vacant county owned aircraft atorage hangars at San Martin Airport.**

In 2005, the county over-built the number of aircraft storage hangars at San Martin Airport. Unfortunately, only approximately 50% are occupied, the remaindersit empty. Many airports have been faced with supply exceeding demand with respect to aircraft storage hangars, and have develop alternative use of aircraft storage hangar facilities. One of the more popular alternative uses of empty airport storage hangars is to rent them out for large and small Recreational Vehicles (RV) storage. This alternative sue can be easily managed and has the potential to generate substantial airport revenue. As aircraft storage hangar demand increases, the alternative uses would be decreased.

**Conclusion:**

As a professional Airport Management Executive (Retired), I have over 42 years of airport operations and management experience, both at San Jose International Airport as Deputy Director of Aviation and as Director of Aviation with Santa Clara County. I have been involved in all aspects of airport management and operations. As the County Director of Airports (1996-2003), I worked tirelessly to restore RHV infrastructure which had deteriorate after many years of forced neglect during the County threat of airport closure between 1985 and 1996. My knowledge and experience with County Airports dates back to the 1960's.

Although I'm retired from airport management, I continue to be a user of both County Airports as a pilot and a FAA Certified Flight Instructor.

Regards,

  
Jerome T. "Jerry" Bennett

Address:

[Redacted Address]

Copy: Board of Supervisors

Airports Commission

Director of Roads and Airports

Reid-Hillview Airport -CAAPSO

San Martin Airport-SCAPA