

# County of Santa Clara

## Roads & Airports Department

Airports Division  
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September 15, 2016

Jim Lomen  
FAA ADO Office  
1000 Marina Blvd, Suite 220  
Brisbane, CA 94005-1835

Dear Mr. Lomen:

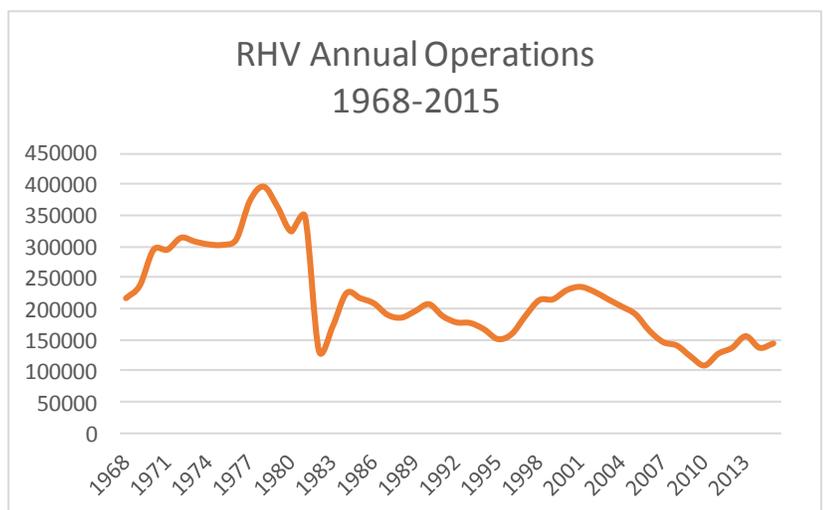
Thank you for taking the time recently to talk with me regarding the County's property release request for a parcel of property at the corner of Tully Avenue and Capitol Expressway on the Reid-Hillview Airport (*corner parcel*). The corner parcel was originally purchased by the County as part of its expansion program after the county purchased the airport from the Reid brothers in 1961. In 1963, the County requested federal participation in the property purchase of the corner parcel through the [Federal Airport Act Application](#). A [grant agreement](#) was issued that same year for land acquisition with 53.89% participation by the federal government.

As you suggested, this letter contains many of the details we discussed regarding the county's desire to utilize this property for non-aviation use and why the FAA should release the property. They include:

- Historical operations at the airports;
- GA trends and the anticipated need for use of the corner parcel for aviation uses;
- Financial needs of the Airport Enterprise Fund

Despite the airport expansion anticipated in the early 1960's, since at least 1975 (*Photo 1*) the corner parcel has been segregated from the remainder of the airport property by a road that was intended to be part of an overpass at the Tully and Capitol Expressway intersection. The overpass was never constructed and the loop roads on the northeast and southeast corners of the intersection have since been absorbed into developments on those properties. However, the road on airport property remains today as a physical boundary between the corner parcel and the remainder of the airport.

The air traffic control tower began keeping operational statistics in 1968. During 1978, the tower recorded 398,640 operations; to date, the highest operations count in the history of the airport. Even during that record breaking year, we can verify through Photo 1, that the corner parcel was not used for aviation purposes. In fact, the infrastructure of the airport has not



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Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Ken Yeager, S. Joseph Simitian  
County Executive: Jeffrey V. Smith

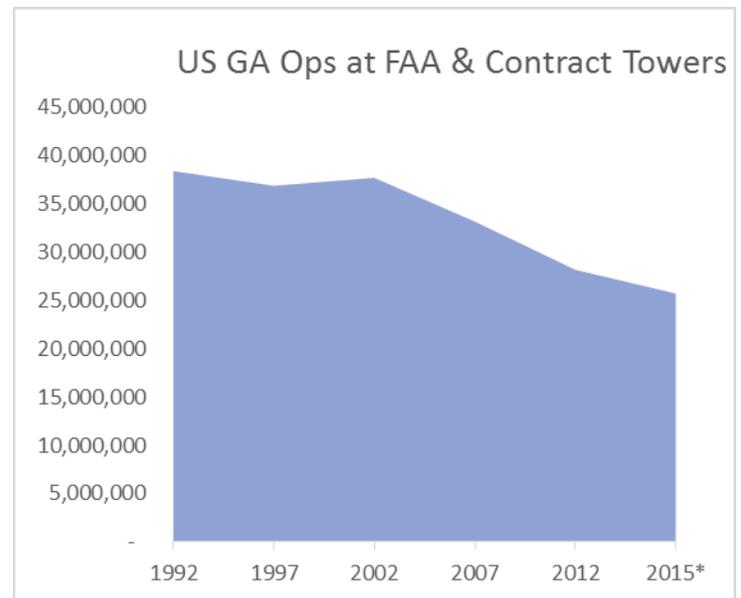
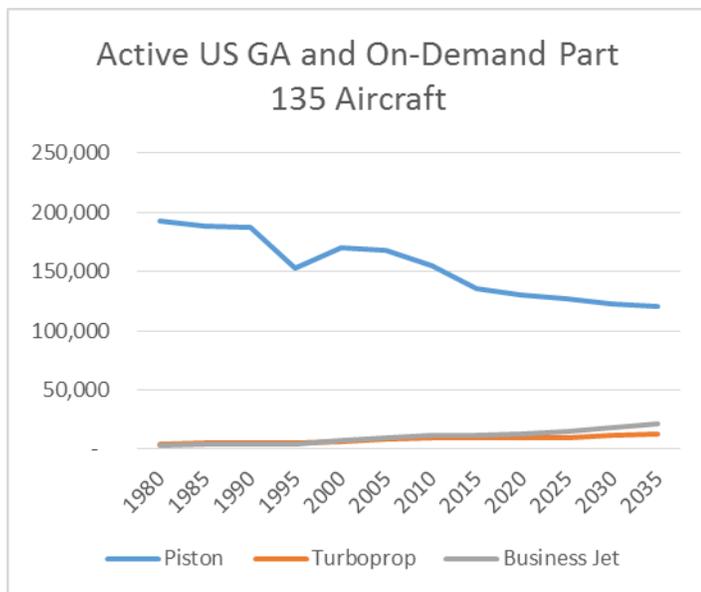
changed dramatically since 1978, indicated that should we ever reach the all-time high again, that activity level could be supported without the development of additional facilities. A comparison of 1978 with 2015 operations count of 145,003 shows a 63% reduction in activity. While there appears to be a small uptick in operations from 2014, there are no indicators that would lead one to believe that the peak of nearly 400,000 operations will be surpassed.

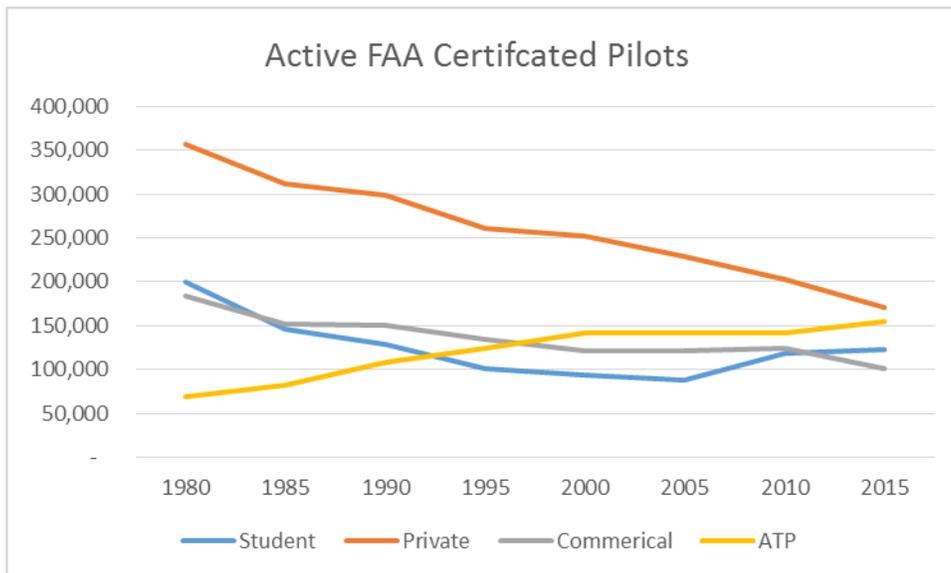
During the master planning process, several options were considered to meet the anticipated demand for aircraft services within Santa Clara County. At its November 19, 2002 meeting, the Santa Clara County Board of Supervisors adopted Alternative 3 of the [Airport Master Plan](#). This alternative anticipated distributing the anticipated demand for aircraft parking across all the county airports (*Master Plan pg 2-16*) with the intention of:"

- Achieve greater parity in the distribution of based aircraft to preclude disproportionate quality of life impacts at any one airport;
- Meet the needs of the aviation community by accommodation all of the forecasted growth in demand for basing capacity;
- Ensure the Airport Enterprise Fund remains self-sustaining without subsidy from the County General Fund."

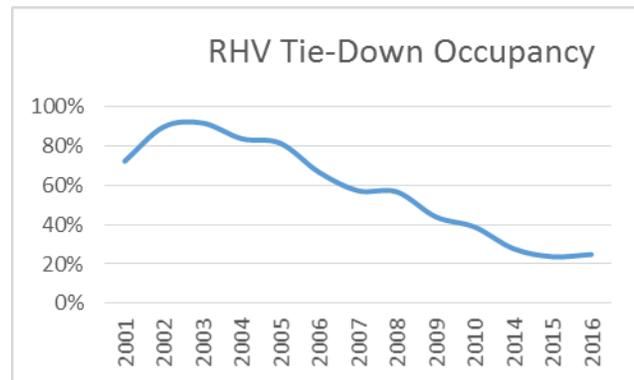
In addition, the approved Master Plan dictates that no additional property will be developed for the purposes of aircraft storage. Reid-Hillview, which has an existing capacity of 726 spaces would need to accommodate only 24 additional aircraft by the year 2020 to meet the demand anticipated by the Master Plan; a requirement that can be met without the use of the corner parcel. Current trends however indicate that the anticipated demand is unlikely to materialize.

A look at [GAMA's 2015 General Aviation Statistical Datebook](#) shows a continual decline in most areas of general aviation. Indicators such as certificated pilot numbers, Active U.S. General Aviation and On-Demand Part 135 Aircraft and U.S. General Aviation Operation's numbers (see below) all indicate a continual decline. As you can see from the following graphs, growth in GA is only occurring in the turbine and business jet sectors. Reid-Hillview is constrained on all sides by houses, schools, roads, a park and a mall leaving no feasible opportunity for the County to extend the runway beyond its current 3,100'. It is this limitation that greatly reduces the desirability of RHV to turbine and business jet operators.





The County operates 145 hangars, 52 shelter spaces and 190 tie-downs at Reid-Hillview Airport. We have been able to maintain full hangars and shelters, but our tie-down subscription rate has continued to drop from a high of 172 in 2003 to our current level of 43. We also have FBO property divided into nine long-term leaseholds with four licensed fuel providers. As you can see from these numbers, over the past 15 years, the airport has seen a steady decline in the number of based aircraft. While our hangars and shelters remain full, we have gone from a multi-year wait for hangars and shelters to a wait of a few months, indicating a continue softening of demand for aircraft parking space.



Since at least 1996 the Airports Division of Santa Clara County has been able to maintain self-sufficiency without the need of additional funds from the County. This despite the fact that the only source of significant revenue is aircraft parking fees. When there was a strong demand, the budget for the three county airports was always in the black, even though revenue from RHV had to be used to balance the books for E16 and PAO. In 2014, the County gave operational control of PAO back to the city of Palo Alto. With the divestiture of the airport, the County lost about 1/3 of its airport revenue, and while expenses went down at that time, they did not go down in proportion to the loss of revenue. We have worked very hard to reduce our costs, and have eliminated a number of positions, both operational and administrative, but since the loss of PAO, we have shown a continual decline in income resulting in an approximate budget deficit of \$300,000 for this year. We are fortunate to have enough money saved to transfer funds from our savings account into our operational account to balance our budget, and thereby not requiring additional funds from the County. But that can only continue for a short time before we have depleted our savings.

According to the March 4, 2015 property appraisal completed by Valbridge (attached), the corner parcel represents \$721,462 a year in additional revenue to the Airport Enterprise Fund. This revenue will allow the County to continue to operate the airport in a cash-positive manner, while putting aside additional funds for development, both AIP eligible and non-eligible at both county airports, and relieve the stress on our airport tenants to meet the ever increasing cost of operating the airports.

The FAA should release the corner parcel at Reid-Hillview for non-aviation development for the following reason:

- Trends in the sector of general aviation that utilize RHV do not support the need for additional property for aviation use.
  - Current growth in GA is in the turbine and business jet market, which is limited from using RHV due to its runway length;
  - Airport operations counts are substantially lower than the high of 1978;
  - Aircraft parking demand has softened dramatically;
- Long term financial stability of the airport requires new non-aviation revenue;
  - The Board of Supervisors has established that the airport must operate in a self-sufficient manner without need of subsidy from the General Fund;
  - The appraised value of the property in question is \$721,000 per year;
  - These funds would be used at RHV and E16 to:
    - Provide matching funds for federal and state grants;
    - Complete projects not eligible for grant funding;
    - Increase the airports reserve;
    - Reduce demand from parking tenants to meet the continual increase in airport operational costs through parking fee increases;
- The Board of Supervisors has elected to distribute any additional growth beyond the current Master Plan basing capacity, to San Martin Airport;
  - The airport in its current configuration would be able to accommodate the small increase in basing capacity allotted in the Master Plan;
  - Use of the airport during its highest recorded activity level in 1978 was accomplished with the current existing infrastructure.

I hope after reviewing this letter you will reconsider our request to release the corner parcel for non-aviation use.

Feel free to contact me with any additional questions.

Sincerely,



Eric Peterson  
Director County Airports



Photo 1: 1975 Aerial Photo of RHV