



# Memorandum

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

**FROM: William F. Sherry, A.A.E.,  
Director of Aviation**

**SUBJECT: City Membership in Airports  
Council International – North  
America**

**DATE: October 5, 2009**

Approved

Date 10/14/09

**COUNCIL DISTRICT: City-Wide  
SNI AREA: N/A**

## RECOMMENDATION

Adopt a resolution:

1. Approving the continued full voting membership of the City of San Jose in Airports Council International – North America (ACI-NA).
2. Designating the City Manager, or her designee, as the City's authorized representative to the ACI-NA.
3. Authorizing the City's representative to cast votes in support of or opposition to proposed federal legislation to be taken by the ACI-NA on behalf of its members that the representative determines to be (a) consistent with the City's official position; or (b) consistent with the most recently adopted City Legislative Guiding Principles, when applicable.
4. In instances when the City has no official position or applicable guiding legislative principle, the representative is authorized to take an "interim" legislative position provided that: 1) the ACI-NA is informed before the vote is cast that the City's final legislative position will need to be approved by the City Council; and 2) the representative reports out to Council for review on any legislation where an interim vote is cast.
5. Approving payment of annual membership dues as a condition of ACI-NA membership, subject to Council appropriation of funds.

## **OUTCOME**

Adopting staff's recommendations means the City will continue to benefit from permitting the Airport to remain a member of a national organization dedicated to coordinating, educating and advocating on federal issues of common concern/interest to the nation's airports.

## **BACKGROUND**

The Airports Council International – North America (ACI-NA) represents local, regional and state governing bodies that own and operate commercial airports in the United States and Canada.

ACI-NA's members enplane more than 95 percent of the domestic and virtually all the international airline passenger and cargo traffic in North America. The mission of ACI-NA is to advocate policies and provide services that strengthen the ability of commercial airports to serve their passengers, customers and communities. ACI-NA is the largest of the five worldwide regions of Airports Council International (ACI).

ACI-NA membership is open to commercial airports, and the entities they represent, rather than to individuals. Airport directors, known within ACI as "CEOs," are the designated representatives of the member airports within ACI-NA. The City of San José has been a member of ACI-NA since 1966 (when it had only 55,000 enplanements a year).

However, because membership in the organization is vested with the airport entities rather than in individuals, membership in ACI-NA is a City, rather than individual, commitment. In addition, the City's representative sometimes has occasion to cast votes on the positions ACI-NA may take on behalf of its membership on federal legislation and other matters. Although the City has been a longtime member of ACI-NA, Airport staff is requesting formal Council approval to continue the City's full membership in ACI-NA. Therefore the purpose of this report is to:

1. outline ACI-NA's mission and planned activities;
2. identify the membership dues and any other costs the organization could assess its membership; and
3. present recommendations on the scope of the City representative's authority to represent the City within the organization.

## **DISCUSSION**

### **Organizational Mission**

The stated mission of ACI-NA is to “*advocate policies and provide services that strengthen the ability of airports to serve their passengers, customers and communities.*” ACI-NA accomplishes its mission through the following activities and services:

1. *Advocacy:* ACI-NA maintains professional staff in its government affairs, legal, environment, safety, security, operations and technical departments. The organization advocates for federal legislation and regulations to help airports operate more safely and efficiently.
2. *Promotion:* ACI-NA seeks to generate favorable media coverage of ACI-NA, airports and airport issues.
3. *Communications:* ACI-NA seeks to keep members informed of key industry developments, trends and people through a variety of publications.
4. *Research:* ACI-NA’s Economic Affairs and Research department gathers data that helps airports benchmark their operational statistics to industry standards.
5. *Networking:* ACI-NA has sixteen committees covering a wide range of regulatory and industry issues (e.g., air cargo, business diversity, environmental issues, operational; issues and technical Affairs) that develop policy, legislation and regulatory comments for the benefit of the airport industry and participate in the planning and content of the annual conference.
6. *Education:* ACI conducts about a dozen committee conferences annually that provide educational opportunities for professional development, networking and learning about new industry trends and standards.
7. *Annual Conference and Exhibition:* ACI-NA conducts an annual conference and exhibition for Airport directors, senior airport management, commissioners and other industry officials with decision-making authority. About 2,000 delegates and exhibitors representing more than 150 airports through the United States and Canada attend.
8. *Annual Contests and Recognition:* ACI-NA maintains award programs to recognize best practices and individuals.

### **Membership**

As noted earlier, membership in ACI-NA is *to airports and not individuals*. Historically, airport directors represent the individual airport members.

## Dues

All Airport membership dues are formula-based and are a function of an airport's passenger and cargo activity. The passenger and cargo levels are accounted for through the determination of an airport's "traffic units" (TUs). A traffic unit is any and all of the following: 1) an enplaned passenger; 2) a deplaned passenger; 3) every 100 kilograms (220.46 lbs) of enplaned freight and mail; and 4) every 100 kilograms (220.46 lbs) of deplaned freight and mail.

Dues levels are based on total traffic units at an airport for the year in which a full year of traffic data is available (i.e. 2009 membership dues are based on 2007 traffic data since the information is calculated in October/November 2007 time period). Based on its total "traffic units," San José's 2009 annual membership dues to ACI-NA are \$34,970. In addition to the membership dues, members are assessed for services ACI-NA provides. In San José's case the service assessments total an additional \$32,000 that covers the following:

▪ International Air Service Dues	\$3,500
▪ Legal Assessment	\$3,000
▪ Legislative Assessment	\$18,000
▪ Regulatory and Policy Assessment	\$7,500
	<i>Subtotal</i> \$32,000
▪ Membership Dues	\$34,970
	<i>Total</i> \$66,970

Funding from the legal, legislative, regulatory and policy assessments are used to research, review, and state the airports' industry opinion on a variety of issues. ACI-NA staff works with the membership to gather information needed to support policy positions serve the interests of the membership and then advocates those positions to elected officials in Congress and agency policymakers in a variety of federal government departments (e.g., Transportation, the Federal Aviation Administration, the Environmental Protection Agency, the Department of Justice, etc.) Dues and assessments also support conferences and professional development programs. In the area of international air service, members pay for information on travel trends and opportunities to participate in events meant to encourage international air travel.

Because the dues are based on activity levels, staff anticipates that 2010 dues will be noticeably reduced because of the noticeable reduction in passenger activity in 2008. 2011 membership dues will be reduced even further for the same reason.

### **Board of Officers**

ACI-NA's Board of Directors includes:

1. 4 officers elected annually by the Members (Chair, First Vice Chair, Second Vice Chair, Secretary-Treasurer)
2. Immediate Past Chairman of ACI-NA
3. Chairman of the Commissioners Committee
4. Immediate Past Chairman of the Commissioners' Committee
5. Associate Members' Representative
6. 14 Directors elected by the ACI-NA membership

All Directors are official representatives of an airport or an associate member, except for the Chairman and Immediate Past Chairman of the Commissioners Committee.

### **Formulation of ACI-NA Legislative Positions**

ACI-NA's Government Affairs Steering serves as ACI-NA's policy-making body for federal government programs, legislation and regulations impacting airports. Through the Steering Group, airport directors and government relations staff from small, medium and large airports meet and discuss a wide array of issues and concerns. The members develop consensus policy positions on federal legislative and regulatory matters for ACI-NA's Board of Directors. From time to time, the Board will consult with the membership on appropriate legislative positions to take for the organization. During these times, representatives of member airports convey support or opposition to proposed legislative positions on behalf of the airport and the entity it represents. It is during these times that the City's designated representative will cast votes on legislative positions on behalf of the City.

### **Indemnification and Insurance**

ACI-NA carries liability insurance appropriate for the activities of the organization.

### **Staff Recommendations**

Based on the information contained in this report, Airport staff makes the following recommendations:

1. Authorize the City to continue to participate in ACI-NA as a full voting member.
2. Designate the City Manager, or her designee, as the City's authorized representative in ACI-NA. In this capacity, the City's designated representative will have the delegated authority to cast votes on behalf of the City on all issues and proposals (including proposed legislation) that come before ACI-NA membership for action.

3. Authorize the City's designated representative to cast votes in support of or opposition to proposed federal legislation for positions to be taken by ACI-NA on behalf of its members that the representative determines to be (a) consistent with the City's official position; or (b) consistent with the most recently adopted City Legislative Guiding Principles, when applicable. In instances when the City has no official position or applicable guiding legislative principle and its representative determines that there is not adequate time to bring the issue to the City Council prior to being considered by ACI-NA, she or he is authorized to take an "interim" legislative position provided that: 1) the ACI-NA is informed before the vote is cast that the City's final legislative position will need to be approved by the City Council; and 2) the representative reports out to Council for review on any legislation where an interim vote is cast. Airport staff believes such delegated authority is essential to serve as an effective City representative in ACI-NA.
4. Authorize the Airport to pay annual membership dues and the City's share of any other assessed costs, as established by ACI-NA, subject to Council appropriation.

### **POLICY ALTERNATIVES**

#### ***Alternative #1: Do not approve staff's recommendations***

**Pros:** The City would not have to incur the cost of the annual dues and assessments, currently \$66,970.

**Cons:** City misses a potentially significant opportunity to extend and amplify its legislative advocacy capability by working with other airports throughout the nation through a national organization to educate legislators and regulators on airport needs and issues and to advocate on legislation impacting airport operations and regulation. The City also loses a valuable resource for airport policy development and professional development.

**Reason for not recommending:** The benefits of working with other airports through a national organization focused on addressing common airport issues and concerns and providing airport-related information on policy, trends, and professional development outweigh the cost of the annual dues and assessments.

### **PUBLIC OUTREACH/INTEREST**

This report has been reviewed by the Airport Commission and posted to the City's website under the Rules and Open Government Committee agenda for its meeting of September 23, 2009.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

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- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, this memorandum will be posted on the City's website for the October 27, 2009 Council agenda.

### **COORDINATION**

This memorandum has been reviewed by the City Manager's Budget Office, the City Attorney's Office and appropriate staff in the City Manager's Office.

### **COST SUMMARY/IMPLICATIONS**

There are no significant cost implications. Membership dues and assessments and any related travel will be addressed as part of the annual budget process.

### **CEQA**

CEQA: Not a project.

/s/  
William F. Sherry, A.A.E.  
Director of Aviation

For questions please contact James Webb, Jr., Associate Director for Government Affairs, at (408) 501-7600.