



# Memorandum

**TO: HONORABLE MAYOR  
AND CITY COUNCIL**

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

**SUBJECT: City Membership in the  
California Airports Council**

**DATE: October 5, 2009**

Approved

Date

10/14/09

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

## RECOMMENDATION

Adopt a resolution:

1. Approving full voting membership of the City of San Jose in the California Airports Council (CAC).
2. Designating the City Manager, or her designee, as the City's authorized representative to the CAC.
3. Authorizing the City's representative to cast votes in support of or opposition to proposed federal or state legislation to be taken by the CAC on behalf of its members that the City's 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 City's representative is authorized to take an "interim" legislative position provided that: 1) the CAC 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 City representative reports out to Council for review on any legislation where an interim vote is cast.
5. Authorizing the City Manager to designate a second, alternate representative to ensure the City is always represented at membership meetings and able to cast a vote.
6. Approving payment of annual membership dues and the City's share of any other assessed costs, as established by the CAC as a condition of membership, subject to Council appropriation of funds.

## **OUTCOME**

Adopting staff's recommendations means the City will benefit from permitting the Airport to work with California's other commercial airports in collective, coordinated and cooperative efforts to educate and advocate on airport issues of common concern/interest at the state and federal levels.

## **BACKGROUND**

In 2008, an effort was initiated to establish a statewide organization of commercial airports. The idea originally emerged from discussion among the airport directors of San José, Oakland and San Francisco. San Francisco took the initial step of organizing a meeting of the state's commercial airport directors to meet to discuss the idea of forming a statewide association.

The first meeting occurred in December 2008 in San Diego. Approximately thirty commercial airport directors, including the directors of all the state's largest airports, met to discuss whether and how the state's airports should establish an association. The airport directors agreed in principle to pursue the formation of an association and to meet in March 2009 to vote on the concept and to outline the steps needed to incorporate. The group also agreed to discuss how the organization would be staffed to support the organization's goals and objectives. The remainder of the meeting was devoted to the discussion of state and federal legislation of importance to the airports.

The state's airport directors next met in March 2009 in San Francisco and unanimously voted to establish an association to be known as "the California Airports Council" (CAC). The group decided to have supporting staff proceed with: 1) steps to formally incorporate as a non-profit organization; 2) developing a membership dues structure based on the level of passenger activity; 3) developing by-laws for adoption by the membership; and 4) seeking proposals and interviewing appropriate firms to manage the day-to-day affairs of the organization.

The latest meeting of the group occurred in early July in Redding. By the July meeting, the formal articles of incorporation had been completed and filed with the state. In addition, draft by-laws had been prepared, final candidates for the contract to manage the CAC's activities had been identified and a proposed structure for membership dues had been drafted.

The CAC membership took action on all of these items, except the by-laws (which will be reviewed later this year), and is now an official, legally-established non-profit organization. Because voting membership in the organization is vested with the airport entities, rather than in individuals, membership in the CAC is a City, rather than individual, commitment. The purpose of this report is to:

1. describe the nature of relationship between the CAC and the City;
2. outline the CAC's mission, general voting structure and planned activities;

3. identify the membership dues and any other costs the organization could assess its membership; and
4. present recommendations on the scope of the City's designated representative's authority to represent the City within this organization.

## **DISCUSSION**

### **Organizational Mission**

*Purposes:* The stated purposes of the CAC are to: 1) advance the common business interests of California's commercial carrier airports; 2) improve business conditions among such airports; and 3) do anything reasonably necessary to achieve these purposes.

*Planned Activities:* The CAC will be an information-sharing and advocacy group. The organization will primarily communicate with state and federal elected and appointed officials regarding the importance of California's airports to the state's economy and issues that improve California's air system and enhance the state's economy. The CAC is also intended to be a focal point of communication among airports on legislative and regulatory issues of common concern so that airports may have the opportunity to collaborate and communicate their concerns in a collective, more effective way on state and federal legislation and regulation. This has already begun to occur. For example, in early May 2009, twenty-one CAC member airports, including San José, communicated their support for an increase in the Passenger Facility Charge in the next version of the FAA Reauthorization Bill in a joint letter to the entire California Congressional delegation.

### **By-Laws**

As noted earlier, the group has not yet adopted by-laws (e.g., definition of membership, quorum, voting structure, etc.) at its July 10 meeting. Instead, by-laws will be discussed – and presumably adopted – at the next meeting of the CAC, now scheduled for December 4 in Los Angeles.

### **Dues and Other Assessments**

The CAC will assess its membership annual dues. Though by-laws have not yet been adopted, staff assumes the timely payment of dues will be a condition of participation in the organization. The July meeting established the dues structure for the organization. The dues structure is based on raising an estimated \$95,000 to be collected from all of the state's commercial airports to retain a management firm to manage the day-to-day activities of the CAC. The adopted dues structure consists of three levels of passenger enplanement activity (as of May 2008) to determine each airport's share of the estimated cost of the management firm. Annual dues are to be assessed as follows:

- \$275 per year for airports with enplanements at or below 50,000 passengers a year (e.g., Visalia, Stockton, Chico);
- \$715 per year for airports with enplanements between 50,000 and 750,000; passengers a year (e.g., Monterey, Fresno, Santa Barbara); and
- a prorated share for airports with enplanements above 750,000 passengers a year (e.g., San Diego, Oakland, Sacramento).

Under this adopted structure, San José, with annual enplanements of about 5 million (as of May 2008), has been assessed annual dues totaling \$5,625. Los Angeles, with annual enplanements of 29.6 million (as of May 2008), has been assessed annual dues of \$32,400 (the highest amount) while San Francisco, with 17.4 million enplanements, will pay annual dues of just over \$19,000. Staff assumes this assessed amount would increase incrementally over time. There are no other assessed costs at this time.

### **Board of Officers**

The July meeting elected four categories of CAC Board officers: President (John Martin – San Francisco International), Vice President (Alan Murphy – Orange County), Treasurer (Steve Grossman – Oakland International) and Secretary (Rod Dinger – Redding Municipal Airport).

Shortly after being elected Treasurer, Oakland International's Steve Grossman accepted a new position outside of California. He left Oakland International in August 2009. San José Aviation Director Bill Sherry has been named interim Treasurer for the organization and, if he continues to serve as the City representative, his appointment is expected to be ratified by the full Board at the next CAC meeting in December.

### **Indemnification and Insurance**

The question of liability protection for individual members was not discussed at the July 10 meeting but will be discussed at the December 4 meeting in Los Angeles. Staff's position will be that the CAC needs to obtain liability insurance that will include individual airports and their representatives as named insureds. This may mean additional assessed membership costs.

### **Association Management**

The day-to-day advocacy activities of the CAC will be conducted by an association management firm. Between the March and July meetings, interim CAC staff issued a Request for Proposal (RFP), reviewed submitted proposals, conducted preliminary interviews and prepared a recommendation to the CAC membership. At the July meeting, the CAC membership retained the services of the firm of Schott and Lites to provide a range of association management services including:

- identification, monitoring and reporting on legislation and regulatory developments impacting California airports;
- direct advocacy before the State Legislature, the Governor's Office and state agencies, commissions and departments;
- coalition building for joint advocacy efforts with stakeholders with similar policy concerns;
- outreach activities to elected officials;
- membership recruitment/development; and
- general administrative support.

### **Staff Recommendations**

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

1. Authorize the City to participate in the CAC as a full voting member.
2. Designate the City Manager, or her designee, as the City's authorized representative in the CAC membership. In this capacity, the City's 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 the CAC membership for action.
3. Authorize the City's representative to cast votes in support of or in opposition to proposed federal or state legislation to be taken by the CAC on behalf of its members that the City's 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 the City representative determines that there is not adequate time to bring the issue to the City Council prior to being considered by the CAC, the representative is authorized to take an "interim" legislative position provided that: 1) the CAC 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 the CAC.
4. Authorize the City Manager to designate a second, alternate representative whenever the primary City representative is not available to represent the City at CAC meetings to ensure the City is always represented at membership meetings and able to cast a vote.
5. Authorize the Airport to pay annual membership dues and the City's share of any other assessed costs, as established by the CAC as a condition of membership, subject to Council appropriation. (There are no other assessed costs at this time.)

## **POLICY ALTERNATIVES**

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

**Pros:** The City would not have to incur the cost of the annual dues assessment of \$5,625.

**Cons:** City misses a potentially significant opportunity to extend and amplify its legislative advocacy capability by working with other airports throughout the state through a statewide organization to educate legislators on airport needs and issues and to advocate on legislation impacting airport operations and regulation.

**Reason for not recommending:** The benefits of working with other airports throughout the state to address common airport issues and concerns significantly outweigh the cost of the annual dues.

## **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)**
- 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 any related travel will be addressed as part of the annual budget process. However, by order of magnitude, annual membership fees and travel costs are expected to be just over \$7,100 a year.

MAYOR AND CITY COUNCIL

October 5, 2009

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**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.