

Airport West Side Development

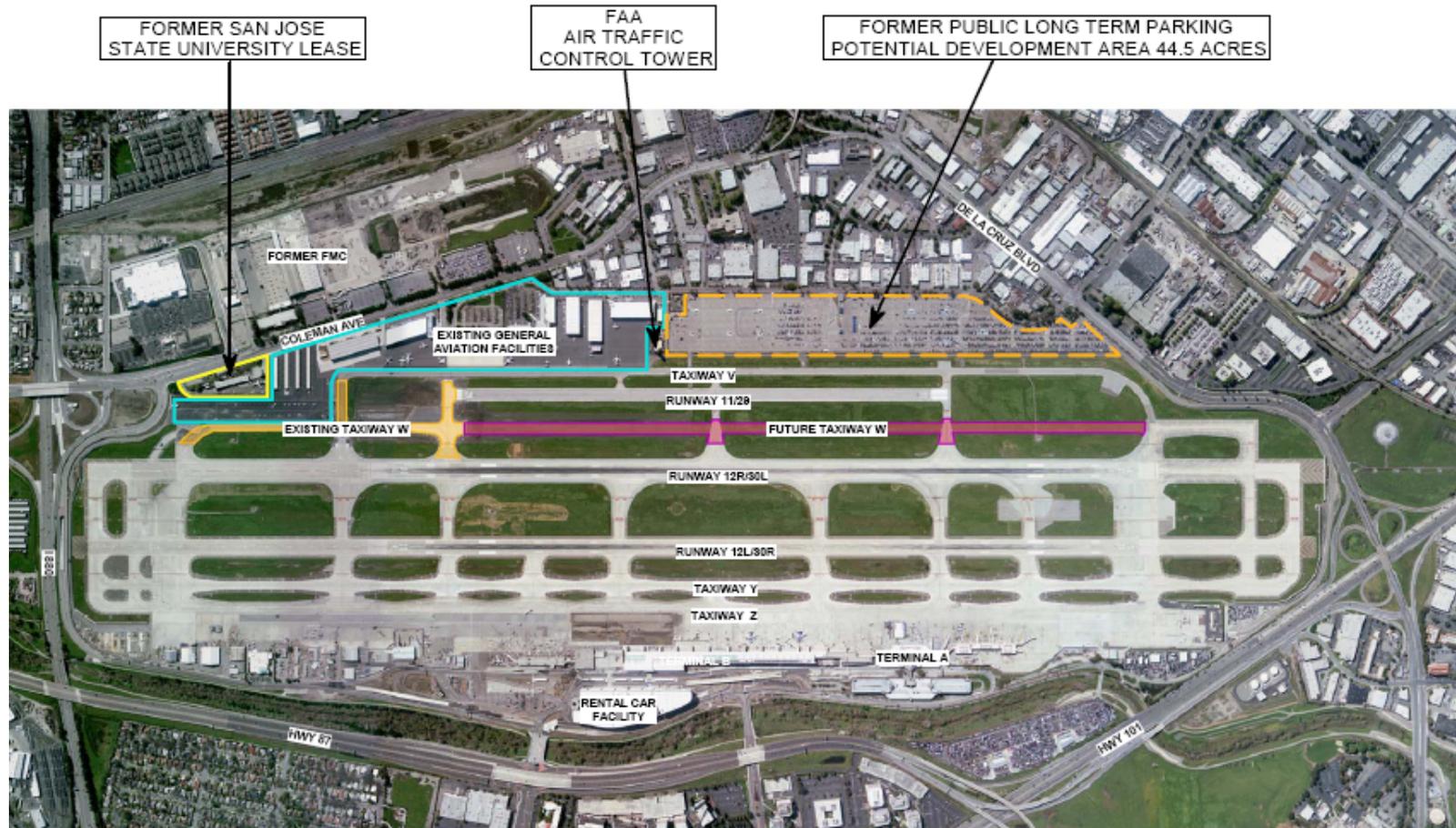
Approval of Minimum Standards and Acceptance of Proposed Terms & Conditions for “Fixed Base Operators”



Background

- Council approved 2010 Master Plan Amendment – West Side now designated General Aviation
- 44 acres currently available for development
- Council approved 2011 “West Side Development Principles” to guide future uses
- FAA requirements for competition and aviation use
- Existing General Aviation services and tenants
- FAA Airfield Standards conformance for safety

West Side Overview



Airfield Standards Conformance

- General Aviation trending to larger jet aircraft
- Existing airfield set up for smaller aircraft
 - Runway-to-taxiway separation not adequate
 - Taxiway clear zones not adequate
- Reconfiguration options being evaluated include:
 - Removal of land from existing tenants
 - Realignment of taxiway requiring removal of short GA runway

Minimum Standards Overview

- First step on the road to a new FBO
- Recommended by FAA, but not required
- Minimum Standards are referenced in agreements with tenants
- Updated from time to time as conditions change
- Minimum Standards do not preempt other policies and documents such as environmental and safety requirements
- Extensive outreach to stakeholders

Minimum Standards Overview

- Standards apply
 - Uniformly to tenants
 - Only to aeronautical service providers, not to non-aviation activities
- Do not apply to
 - Airlines and terminal concessions
 - Existing tenants
- Do not set rates and charges for airport tenants

Why Another Full Service FBO?

- Current interest by developers
- New source of revenue for the Airport
- New source of tax revenue for the City
- Economic stimulus for the region
- Better aviation services for Silicon Valley
- Need for competition
 - FAA grant assurances
 - High fuel prices
 - Customer choice for services



Overview of RFP Key Terms & Conditions

- 22-acre lease premises to match Atlantic Aviation
 - Phased to allow for airfield reconfiguration resolving standards issue
- 25-year term, subject to City's long-term leasing policy
- Ground rent equal to existing leases, adjustable
- Aviation fuel flowage fee in accordance with rate resolution
 - Staff recommends rates be updated
- Proposers can recommend other revenues

Overview of RFP Key Terms & Conditions

- Minimum capital investment of \$20 million
- Letters of credit and bonds to ensure proposed facility is completed and operated
- Up to 2-year moratorium of development beyond first FBO
- Minimum experience requirements for proposers
- Authority for the Administration to negotiate with second and third proposers if necessary

Overview of RFP Key Terms & Conditions

- Compliance with City's curfew ordinance
 - Continue protection for residents of nearby neighborhoods
 - Consistent with commercial airline agreement
 - Relieves existing tenants of requirements beyond City's curfew ordinance



RFP Selection Criteria

- Financial capacity
- Capital investment and quality of proposed facility
- Ability of proposal to foster fair competition
- Capability of proposal to meet needs of Silicon Valley businesses
- Benefit to local economy



Next Steps

- Draft RFP and Lease Agreement available for comment in January
- Final RFP posted in February
- Continue with evaluation of options to resolve airfield standards conformance issues
- Contract approval by City Council by mid-year

Approval of Minimum Standards and Acceptance of FBO Terms & Conditions