



COUNCIL AGENDA: 3-6-12
ITEM: 2.3(a)

Ad Hoc Committee on Airport Competitiveness
Meeting Notes
November 21, 2011

PRESENT: Mayor Reed and Councilmembers Pyle and Herrera

ABSENT: Councilmember Liccardo

STAFF: City Manager Debra Figone, Airport Director Bill Sherry, Sr. Deputy City Attorney Lisa Herrick, Director of Governmental Relations Jim Webb, the Mayor's Economic Development Policy Advisor Ru Weerakoon, and Deputy City Clerk Tamara Davis.

A. West Side Development Strategy – *A brief update on activities since the last Committee meeting and next immediate steps.*

Director Sherry informed the Committee that the Administration has developed a plan that will allow for the early release of the Fixed Based Operator (FBO) RFP.

David Maas informed the Committee that the City has a process that allows for adequate stakeholder input, the minimum standards have been updated and information from the October 17, 2011 Airport Commission meeting has been incorporated into the RFP.

The minimum standards outline baseline requirements for Airport operators, define safety, and layout expectations for service to the public. Airport administration anticipates approval of the minimum standards at first January Council meeting. The RFP will be ready to go out to the public by mid-February. Staff anticipates bringing the final lease to Council for approval by end of fiscal year.

The consultant team is putting together an airfield simulation and looking at different airfield configurations. A report should be available to staff by the first week of January. The FAA will look at risk versus benefits with respect to proposed airfield configurations. The proposed airport configuration models will not hold up the issuance of the RFP.

The priorities for development are FBOs; SASOs (special aviation service operators) – aviation businesses that offer services to public; corporate development; and private development.

Public Comments: Doug Rice stated that the minimum standards do not meet the intent of the Airport Commission's subcommittee on airfield layout. Mr. Rice further discussed

development of the land in the Coleman loop (airport property that is owned outside of the airport).

Action: No action taken

B. Police Outsourcing – Staff recommendations on the retention plan for SJPD services.

Documents filed: Memorandum from Airport Director William Sherry, Police Chief Christopher Moore, and Airport Budget Director Jennifer Maguire dated November 7, 2011 regarding Airport Law Enforcement Services: Outsourcing Update, Proposed Staffing Plan, and Budget Update.

Airport administration recommended this item be agendaized for November, 29, 2011 Council meeting

Staff terminated the RFP with Wackenhut and will retain fire services through a SAFER grant, which will fund two years of service.

The Airport will keep the San Jose Police Department (SJPD) for law enforcement services with modified staffing through FY 2013. The plan will call for 27 FTEs. The Airport will still consider the Santa Clara County Sheriffs' proposal for service as a possible revenue option if SJPD costs cannot be contained.

Staff believes the plan will realize savings from the City's fiscal reform plan and aid with cost cutting and ongoing revenue control. The "Plus 8" model is a new concept, which is a blend of dedicated fulltime staff and staff working overtime. The overtime costs do not incur retirement costs. Airport officers need a special skill set and training. Officers will be stationed at the checkpoints and will roam throughout the terminal. The staffing level will require Airport staff to take on more responsibility and will require the two departments to coordinate services. If costs are still too high the Airport will cap SJPD actual costs at the Sheriffs' proposed cost and set up an IOU to the City to pay the difference in the future when the Airport is in a stronger financial position.

Airport Administration has deferred negotiations with the Santa Clara County Sheriffs.

Public Comments: David Wall expressed that he is fundamentally opposed to the financial agreements that the City has agreed to, and is unsatisfied with the reduction in SJPD/SJFD services at the Airport. Mr. Wall suggested using a hybrid model, which would incorporate SJPD Reserve Officers. Mr. Wall also suggested a charter amendment to the City's Charter that would give SJPD and SJFD control over all City property.

Action: The Committee approved the staff recommendation and placed this item on the November 29, 2011 City Council agenda.

- C. Rental Car Per Day Customer Facility Charge and Airport Bond Issue** – *Brief wrap up on the implementation of the per day rental car Customer Facility Charge and the Airport bond issuance for the Consolidated Rental Car Garage.*

Director Sherry informed the Committee that two bonds were issued this year to help pay the cost of the garage construction. He also mentioned that 98.5% of TAIP (Terminal Airport Improvement Plan) is locked in with the long-term debt. Additionally, Standard & Poors has downgraded the Airport because S&P believes the Airport: 1) has the high debt per enplaned passenger; and 2) relies too heavily on one-time fixes.

Action: No action taken.

- D. Business Engagement Strategy** – *Update of efforts to engage the business community in Supporting City efforts to attract new air carriers/air service.*

Director of Communications David Vossbrink informed the committee that the Silicon Valley Leadership Group (SVLG) CEO Task Force will be meeting in January. The SVLG has been successful in wooing All Nippon Airways (ANA) and has been providing support for the San José Chamber of Commerce. Airport Administration is waiting for ANA's intentions on whether or not the airline will be starting an international route between San José and Tokyo. The City's exhibition for the ANA product launch in October was successful.

Airport staff met with 15 international carriers at the Routes Conference in Berlin. Additionally, Airport staff went to Dublin, Ireland in the fall to meet with representatives of Aer Lingus to discuss international route between San José and Dublin. Another Airport delegation went to China to meet with Cathay Pacific to discuss possible international service to San José.

The Mayor informed the Committee that he met with other airline CEOs and was informed of two concerns: Cost control and availability of aircraft.

By April 2012, the Airport will have 38 flights a week to Hawaii versus the seven flights a week in 2010. Both Alaska and Hawaiian Airlines are providing more flights.

Action: No action taken.

- E. Air Service Update** – *Update of ongoing efforts to attract new air carriers/air service*

This information was covered under Item D.

Action: No action taken.

- F.** **FYI** – *FAA has designated SFO as “Level-2” airport due to congestion beginning summer 2012*

The International Air Transport Associate (IATA) has down graded SFO. Airport staff indicated that this is the first step in reducing travel routes at airports. The IATA has given SFO one year to work with airlines to come up with voluntary congestion reduction measures. SFO is one of the nation’s most delayed airports. This development could increase the benefits to local travelers to use SJC.

- G.** **Next Meeting Date & Time** *(if needed/desired)*
Meeting cancelled - Thursday, December 15 at 1:30 p.m. City Manager’s Conference Room (CH – Tower 1734)

The meeting was adjourned at 3:09 pm



Mayor Chuck Reed
Ad Hoc Committee on Airport Competitiveness