Sent to Council:

Distributed on:
FEB 28 2012
City Manager's Office

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Leanna Bieganski

SUBJECT: **Early Council Packet**

DATE: February 28, 2012

Approved

Date 2-28-12

EARLY DISTRIBUTION COUNCIL PACKET FOR MARCH 13, 2012

Please find attached the Early Distribution Council Packet for the March 13, 2012 Council Meeting.

6.x Approval of Minimum Standards for Development of Lands on the West Side of the Airport and Acceptance of Terms and Conditions for a New Fixed Base Operator.

Recommendation:

(a) Adopt a resolution establishing Minimum Standards for general aviation facilities on the west side of the Norman Y. Mineta San José International Airport;

(b) Accept the key terms and conditions to be used in the Request For Proposals process for a new fixed base operator leasehold to be developed on the west side of the Airport.

CEQA: Not a Project, File No. PP10-066(e), Services that involve no physical changes to the environment. (Airport)

7.x Master Agreement with BLP Engineers, Inc. for the Digester Rehabilitation Program at the San José/Santa Clara Water Pollution Control Plant.

Recommendation: Adopt a resolution authorizing the City Manager to:

(a) Negotiate and execute a Master Service Agreement with BLP Engineers, Inc. for technical lead and quality assurance/control support for the Digester Rehabilitation Program at the San José/Santa Clara Water Pollution Control Plant for an amount not to exceed $2,200,000 for an initial term commencing upon approval of the agreement and continuing through June 30, 2014

(b) Execute up to three additional one-year options and to increase the compensation in an amount not to exceed $1,100,000 for each additional one-year term, subject to the annual appropriation of funds by Council.

CEQA: Statutorily Exempt, File No. PP10-066 (d), CEQA Guidelines Section 15262, Feasibility and Planning Studies. (Environmental Services)

7.x Actions Related to the Acceptance of Grant Funding under State Proposition 84 Bay Area Integrated Regional Water Management Program for South Bay Water Recycling Facility Improvements.

Recommendation:

(a) Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with the Bay Area Clean Water Agencies to accept grant funding under State Proposition 84 Bay Area Integrated Regional Water Management Program in an amount up to $2,485,000, for South Bay Water Recycling facility improvements, including a Bay Area recycled water outreach program component.

(b) Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with the Santa Clara Valley Water District for the District to conduct the regional outreach program covered by the Proposition 84 grant at cost to the District of up to $300,000, with a potential for reimbursement to the District of 45.2% of eligible project costs, up to a maximum amount of $136,000 from the Proposition 84 grant funds District; and for the District to contribute funding up to $400,000 for the South Bay Water Recycling Master Planning effort, with a reimbursement from the City of San José of up to $200,000.

(c) Adopt a resolution authorizing the City Manager to negotiate and execute the Ninth Amendment to the San José/Santa Clara Construction Services Agreement to revise the approved project list specified in the agreement, and extend the term of agreement by twenty-four months to December 31, 2014.

(d) Adopt a resolution approving the Mitigated Negative Declaration and adopting the mitigation monitoring and reporting program prepared for the South Bay Water Recycling Northern Regional Connector Pipeline Project (File No. PP12-015) as having been completed in compliance with the California Environmental Quality Act and reflecting the City's independent judgment and analysis.

CEQA: Relevant environmental clearance completed by City of San José: Resolution No. 64667, Environmental Impact Report for the San José Nonpotable Reclamation Project, now known as the South Bay Water Recycling Program dated June 15, 1993; Resolution No. 67380 Reuse of the Airport Master Plan EIR/SEIR, PP08-071 dated June 17, 2008; Mitigated Negative Declaration for Potable Backup Supply, PP11-054; Mitigated Negative Declaration (pending) for Northern Regional Connector, PP12-015; and Relevant environmental clearance completed by City of Santa Clara: Santa Clara Industrial 3B: CEQ2010-01113. (Environmental Services)

TO BE DISTRIBUTED SEPARATELY

These items will also be included in the Council Agenda Packet with item numbers.

/S/
LEANNA BIEGANSKI
Council Liaison

COUNCIL AGENDA: 03-13-12
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

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

SUBJECT: SEE BELOW

DATE: February 21, 2012

Approved

Date 2/24/12

SUBJECT: APPROVAL OF MINIMUM STANDARDS FOR DEVELOPMENT OF LANDS ON THE WEST SIDE OF THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT AND ACCEPT KEY RFP TERMS AND CONDITIONS FOR A NEW FIXED BASE OPERATOR (FBO)

REASON FOR REPLACEMENT

This item was originally scheduled on the January 10, 2012, Council agenda, but was dropped to allow staff time to respond to new information related to the development of new aviation service providers on the west side. This information has been addressed in a Supplemental Memo that is included as part of this Council action. In addition, some of the information in the original Council memo has been modified in this replacement memo to account for the change in date of the recommended Council action, and to make adjustments as a result of further discussions with stakeholders. The significant changes from the January 10, 2012, memo include:

- Dates in the memo have been updated to reflect schedules based on Council action in March.
- The terms and conditions are consistent with a 15.5 acre lease area for the proposed new fixed base operator (FBO), as opposed to the previous two phase approach.
- The terms and conditions section clarifies that the 2 year development moratorium applies on to FBOs and specialized aeronautical service operators (SASOs).
- The statement of priority for future development beyond the first FBO development has been removed.

RECOMMENDATION

a. Adopt a resolution establishing Minimum Standards for general aviation facilities on the west side of the Norman Y. Mineta San José International Airport (SJC);

b. Accept the key terms and conditions to be used in the Request For Proposals (RFP) process for a new fixed base operator (FBO) leasehold to be developed on the west side of the Airport.

OUTCOME

Approval of the Minimum Standards would formalize the City's requirements for general aviation leasehold development on the west side of the Airport to ensure that safe, efficient, and quality level of operations and services are provided. Except where they directly conflict with provisions in current leases, the Minimum Standards would apply to current general aviation operations at the Airport, and the Minimum Standards would also be a component of each Request for Proposal (RFP) issued by the City for future general aviation development.

Acceptance of the key RFP terms and conditions for a new FBO on the west side of the Airport would inform the public, including potential proposers, of the City's expectations for the first new major leasehold development on the west side. The City's goals for the new FBO are to create a competitive environment for facilities providing a range of services to the public, meeting the needs of Silicon Valley companies for access to global markets, providing economic benefit to the region, and revenue to the City and Airport.

BACKGROUND

The adopted Airport Master Plan currently designates the west side of the Airport for development of facilities accommodating projected general aviation demand, including conversion of the recently-closed interim public long-term and employee parking lot north of the FAA Air Traffic Control Tower, reconfiguration of existing facilities and the former San Jose State University leasehold south of the Control Tower, and several taxiway improvements to expedite safe aircraft access to and from the runways. General aviation is characterized as all flights other than military and scheduled airline and cargo flights, ranging from small propeller-driven aircraft to large corporate or private jets. A map depicting the various elements of the Airport referred to in this report is attached as Exhibit A.

Minimum Standards are requirements that ensure a safe, efficient, and quality level of operations and services are offered by third-party operators such as Fixed Based Operators, and are an element of the lease agreements for facility development. The FAA encourages airports to adopt a set of Minimum Standards and apply them objectively and uniformly to third-party aviation facility operators.
Fixed Based Operators (FBOs) are commercial businesses that lease land from the Airport to provide aeronautical services such as fueling, hangaring of aircraft, tie-down and parking of aircraft, aircraft rental, aircraft maintenance, flight instruction, and other aviation related services. There is currently one full service FBO at the Airport operating on an approximately 22 acre land lease, two limited service FBOs, and one corporate hangar facility. As referenced in this memo, a "full service FBO" is an FBO that provides services to itinerant and third-party

general aviation aircraft, including commercial sale of fuel, storage facilities, maintenance of aircraft, line service and 24-hour emergency service to disabled aircraft. The two FBO's referred to as "limited service" do not provide all of these services to itinerant and third-party aircraft at the Airport. To initiate new general aviation development on the west side pursuant to the Airport Master Plan, and to comply with FAA policy requiring airports to provide a competitive environment for aviation services, staff is developing an RFP for a second full service FBO. The proposed key RFP terms and conditions are described below and staff seeks Council acceptance of these terms before issuing a draft and final RFP.

ANALYSIS

Minimum Standards

The national aviation consulting firm of Jacobs Consultancy has assisted the City in preparing the proposed Minimum Standards consistent with federal guidelines and experience at other airports. The overall purpose of establishing Minimum Standards for aeronautical leasehold development is to foster high quality services to the aviation community in an equitable and competitive business operating environment. The Minimum Standards define the requirements for the various types of aeronautical operators, including full service FBOs, specialized aeronautical service operators (SASOs), and non-commercial private/corporate operators.

For example, under the proposed standards, full service FBOs would be required to provide the following: aircraft fueling; line services (basic services related to supporting the arrival and the departure of aircraft); aircraft hangar storage; and a minimum of any two of the following types of services: sale of new and/or used aircraft, parts, and components; flight training and associated ground training; aircraft rental or charter (air taxi); airframe and powerplant maintenance, aircraft refurbishing and/or painting; avionics sales and servicing; and any other aeronautical service proposed by the FBO and approved by the Airport. Minimum Standards also include requirements for financial operation, environmental regulatory compliance, management control and supervision, training and certification of personnel, compliance with site development standards, security and safety, facility maintenance, and hours of activity.

Approval of the proposed Minimum Standards would support the West Side Development Principles adopted by Council in August 2011 and will be incorporated into the RFP for and subsequent lease agreement with a new FBO. For existing general aviation leases or operating agreements that may be in conflict with the Minimum Standards as approved, the new standards would not supersede conflicting terms of the existing agreements, but may be amended into existing agreements as such opportunities occur. The Minimum Standards provide that any Minimum Standards that would preclude an existing tenant from operating under the terms of an existing lease will not be included in any amendments to such existing leases. For example, the Minimum Standard setting a minimum acreage for an FBO at the Airport would not apply to an amendment to an existing FBO agreement where the FBO currently operates on less than the minimum FBO acreage required under the Minimum Standards.

RFP Process For New FBO and Key Terms and Conditions

General aviation facilities on the Airport currently consist of one full service FBO (Atlantic Aviation), two limited service FBOs (ACM and AvBase), one corporate hangar (Hewlett Packard), and individually-leased aircraft storage hangars and tiedowns managed by the Airport, with additional developable acreage north of the FAA Control Tower and at the southwest corner of the Airport. As explained above, staff is preparing an RFP for development of a second full service FBO comparable in size and range of services provided by Atlantic Aviation. The Airport has received statements of interest from potential new FBOs and the City is obligated under its FAA grant agreements to accommodate the additional service providers to the extent feasible and as consistent with the Airport Master Plan.

The City's goals for the new FBO are to create a competitive environment for facilities providing a range of services to the public, meeting the needs of Silicon Valley companies for access to global markets, providing economic benefit to the region, and revenue to the City and Airport.

The new full service FBO would be located on a portion of the developable area on the northwest side of the Airport along Martin Avenue (adjacent to its intersection with Reed Street to facilitate landside access). The leasehold would be physically separated from the existing FBOs south of the FAA Control Tower. Development of the areas immediately north and south of the new FBO would occur at a later time based on market demand and could include smaller limited service FBOs or SASOs, corporate hangars, individual t-hangars, overflow aircraft parking, or non-aviation development.

Key terms and conditions that will be included in the RFP include:

- The lease premises consist of approximately 15.5 acres.
- The lease agreement term is for 25 years. A longer term may be negotiated based on the level of capital investment and in accordance with the City's long term Airport leasing policy.
- The ground rent will be $2.00 per square foot per year, adjusted annually by CPI and every 5 years by appraisal. In the event that the CPI for any year is negative, or the appraisal is less than the current rate, then the existing rate will remain. The ground rent will commence on execution of the lease agreement, at half rent for the earlier of 24 months or when the facility receives a City certificate of occupancy.
- An aviation fuel flowage fee will be assessed based on the current market in accordance with a rate resolution adopted by Council. The rate in the current rate resolution has not been evaluated for several years, and staff intends to complete a market rate analysis and recommend that Council adopt a revised rate resolution to set the fuel flowage fee at market rate prior to returning to Council for approval of the lease for the new FBO.
- Proposers will have the opportunity to propose additional revenue sources or unique benefits that their development will provide to the Airport and the City, and the selection criteria will include evaluation of any such proposals.

- The minimum capital investment is $20,000,000; with a provision for default in the contract should the developer not meet the minimum capital investment requirement.
- The selected proposer will be required to provide a letter of credit in the amount of one year of full ground rent to ensure that the City does not lose revenue in the event of default and a new operator must be selected. The start of construction must take place no later than 24 months from lease execution or the City may declare a default, with the deposit forfeited to the City. The certificate of occupancy for the initial facilities must be received within three years of execution of the lease agreement or the City may declare a default, with the deposit forfeited to the City. Lastly, the proposer must submit a performance bond covering the full value of the development to ensure that the facility can be fully constructed in the event that the proposer fails to complete the facility after commencement of construction.
- Proposers must have demonstrated management experience operating full service FBOs comparable to their proposed facility, with a minimum of five years of operational experience. Proposers can meet this requirement by demonstrating that their proposed management team meets this qualification.
- Proposer can propose a period of time, not to exceed two years or not to extend past an occupancy of 70% of the constructed hangar facilities, in which the City will not proceed with or allow additional development of FBO or SASO facilities on the west side, to enable the proposer to establish its business.
- If the City is unable to negotiate a lease with the recommended proposer, the City Manager will have the authority to declare impasse and negotiate with the second recommended proposer, and, if necessary, the third recommended proposer.
- In order to remain consistent with provisions in the commercial airline leases, the agreement will require compliance with all laws, ordinances and regulations, one of which is the City's curfew ordinance. In 2007 the Council considered including specific requirements in the commercial airline leases specific to the curfew ordinance, but ultimately determined that general lease provisions requiring compliance with all applicable laws was sufficient to obligate the airlines to comply with the curfew ordinance. The leases with Atlantic Aviation, Av Base and ACM contain specific provisions regarding compliance by the FBOs and their subtenants with the curfew ordinance. These provisions require compliance with the curfew at all times during the term of the lease regardless of whether the curfew ordinance is subsequently terminated and the provisions give the City the right to evict FBO subtenants for any violation of the curfew. These current FBO leases also provide that the curfew obligations of the FBOs and their subtenants only apply if the same provisions are included in all FBO leases at the Airport. Therefore, including only a provision requiring compliance with all applicable laws, ordinances, and regulations and not the specific curfew provisions from the other FBO leases will preclude the City from enforcing the more specific curfew provisions in the other three FBO leases, including evicting subtenants for violations of the curfew. It is important to note that since these provisions were added to the FBO leases in 2004, the City has not found it necessary to evict any FBO subtenants for curfew violations at the Airport.

Staff anticipates issuing a draft RFP in April for review and comment by potential responders, followed by issuance of the final RFP in May.

The selection criteria on which the proposals will be evaluated are intended to ensure that a high quality FBO meeting the needs of Silicon Valley businesses and providing a wide range of services to the public at competitive prices is developed, and includes the following considerations:

- Financial capacity of the proposer to follow through with the development proposed.
- The proposed facility's capital investment, facility design, environmental sustainability, quality of improvements, and reasonableness of the development schedule.
- The proposed facility's marketing plan, management and operations plan, and description of how the business will elevate service standards, promote a competitive operating environment, and provide global access supporting the needs of Silicon Valley businesses. Establishing healthy competition is a primary goal for the new FBO, therefore the ability of proposals to elevate competition will be heavily weighted in the evaluation criteria. In addition, in order to ensure that the needs of Silicon Valley businesses for global access are met, access to global markets will be also be used as an evaluation criteria.
- Benefit to the local economy, including estimated direct and indirect jobs, payroll, and tax revenue.

The RFP process will provide for reasonable input from stakeholders on an expedited basis so the Airport and the City can achieve the economic benefit of the development as soon as possible.

PUBLIC OUTREACH/INTEREST

☐ **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)**

Draft Minimum Standards were made available to the public for comment on the Airport's web site on September 2, 2011, and were reviewed at a public stakeholders meeting held on September 16, 2011. The draft Minimum Standards were also reviewed with the Airport's existing FBOs and with the FAA in September. Staff received no requests for changes to the draft Minimum Standards as a result of this outreach effort.

The Airport Commission unanimously recommended Council approval of the proposed Minimum Standards at its public meeting held on October 17, 2011. Staff also subsequently reviewed comments made by commissioners, as well as written comments submitted by one member of the public at the Commission meeting, and revised the draft Minimal Standards where appropriate. Stakeholders were notified of an additional review period to comment on the revised standards, and additional comments and questions received were considered in the final draft of the Minimum Standards. All comments and questions have been responded to and posted on the Airport's web site, and interested stakeholders were notified of the posting.

COORDINATION

This memo has been coordinated with the City Attorney's Office.

CEQA

Resolution Nos. 67380 and 71451, File No. PP12-001.

/s/ Kimberly B. Aguirre for
WILLIAM F. SHERRY, A.A.E.
Director of Aviation
Airport Department

For more information, contact David Maas, Deputy Director, Airport Planning & Development, at (408) 392-3630.

Attachments

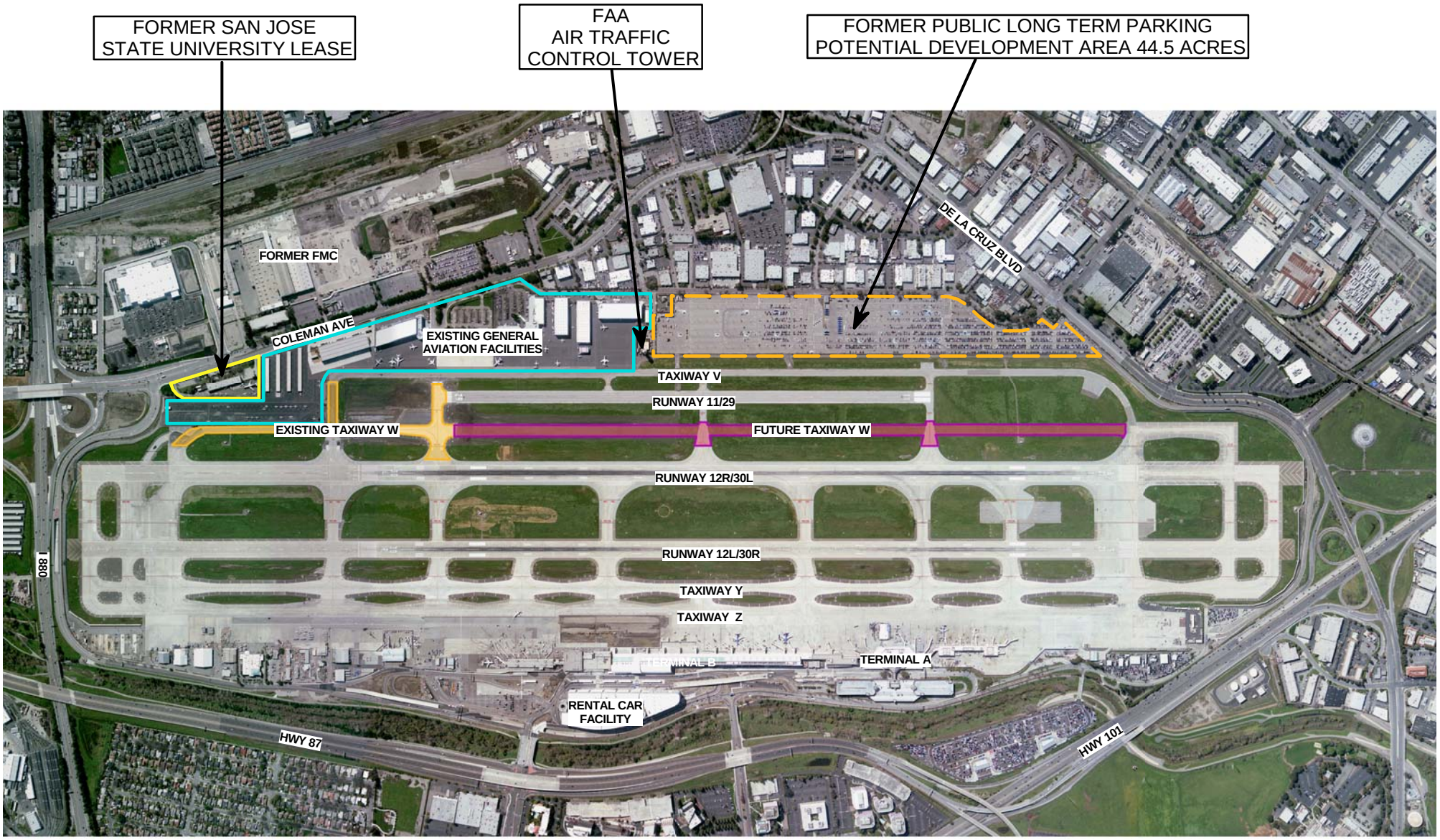
FORMER SAN JOSE STATE UNIVERSITY LEASE
FAA AIR TRAFFIC CONTROL TOWER
FORMER PUBLIC LONG TERM PARKING POTENTIAL DEVELOPMENT AREA 44.5 ACRES
FORMER FMC
COLEMAN AVE
EXISTING GENERAL AVIATION FACILITIES
DE LA CRUZ BLVD
TAXIWAY V
RUNWAY 11/29
EXISTING TAXIWAY W
FUTURE TAXIWAY W
RUNWAY 12R/30L
RUNWAY 12L/30R
TAXIWAY Y
TAXIWAY Z
TERMINAL B
TERMINAL A
RENTAL CAR FACILITY
HWY 87
HWY 101
I 880

EXHIBIT A

MINIMUM STANDARDS

AIRPORT MINIMUM STANDARDS

February 2012

MINIMUM STANDARDS

SECTION 1. INTRODUCTION

1.1 Policy

The City of San José is committed to open and honest government and strives to consistently meet the community's expectations by providing excellent service, in a positive and timely manner, and in full view of the public.

Norman Y. Mineta San José International Airport (SJC) does hereby establish the following policy concerning the Minimum Standards for conducting business on the Airport. The Minimum Standards are intended to be the threshold entry requirements for those wanting to provide commercial aeronautical services to the public. They also ensure that those who have undertaken to provide commercial aeronautical services on the Airport, and who meet these standards, are not exposed to unfair or unprofessional competition.

These Minimum Standards are established based upon the existing conditions at the Airport, the existing and planned facilities at the Airport, and the current and future aviation role of the Airport. All operators and entities providing aeronautical services on the Airport are strongly encouraged to exceed the Minimum Standards.

The uniform application of these Minimum Standards, including the minimum levels of service that must be offered by aeronautical service providers, relate primarily to the public interest in discouraging substandard entrepreneurs, thereby preserving the financial integrity of Airport businesses and protecting Airport patrons.

The following Minimum Standards for aeronautical service providers have been established for the safe and efficient operation of the Airport; to enhance its growth; to preclude the granting of an exclusive right to conduct an aeronautical activity in violation of Section 308(a) of the Federal Aviation Act of 1958; to conform to Title VI of the Civil Rights Act of 1964 and Part 21 of the U.S. Department of Transportation Regulations; comply with the sponsor assurances as part of federal Airport Improvement Program grant obligations; and to assure all potential Operators of the availability of Airport property on fair and reasonable terms without unjust economic discrimination.

MINIMUM STANDARDS

1.2 Purpose and Scope

Benefits to be derived from establishing Minimum Standards include:

- Promoting safety in all Airport activities; and
- Maintaining high quality commercial services for all Airport users; and
- Providing financially equitable treatment to all Airport tenants; and
- Defining the minimum operating threshold for prospective commercial operators; and
- Protection of Airport users from unlicensed and unauthorized products and/or services; and
- Promotion of orderly development of Airport property; and
- Providing a formalized, but negotiable, base-line for lease development; and
- Fostering mutually beneficial tenant-landlord relationships.

These Minimum Standards have been prepared in conformance with the following documents:

- FAA Advisory Circular 150/5190-7, *Minimum Standards for Commercial Aeronautical Activities*
- FAA Advisory Circular 150/5190-6, *Exclusive Rights at Federally Obligated Airports*
- FAA Order 5190.6B, *Airport Compliance Manual*
- FAA *Airport Sponsor Assurances*

In conformance with the FAA Airport Sponsor assurances, the Airport will:

a. Make the Airport available as an Airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the Airport.

b. Insert and enforce provisions requiring all Operators to:

(1) furnish their services on a reasonable and not unjustly discriminatory basis to all users of their services and facilities, and

(2) charge reasonable and not unjustly discriminatory prices for each service, provided that the Operator may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

c. Ensure that each fixed base operator (FBO) and specialized aviation service operator (SASO) at the Airport shall be subject to the similar rates, fees, rentals, and other charges as are uniformly applicable to all other FBOs or SASOs making the same or similar uses of such Airport and/or utilizing the same or similar facilities at the Airport. Rates fees, rentals and charges may be adjusted by the Airport to reflect differences in operating and/or financial conditions pertaining to specific aeronautical service providers.

d. Ensure that each certificated air carrier serving the Airport shall have the right to service itself (through its own suppliers, vendors, or consortium), or to use any FBO that is authorized or permitted by the Airport to serve air carriers at the Airport.

e. Not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation basing aircraft on the Airport from performing any services [including, but not limited to maintenance, repair, and fueling] on its own aircraft with its own employees that it may choose to perform.

f. In the event the Airport itself exercises any of the rights and privileges referred to in these Minimum Standards, it will provide the services on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the Airport under these provisions.

g. Establish such reasonable and not unjustly discriminatory conditions to be met by all users of the Airport as may be necessary for the safe and efficient operation of the Airport.

h. Prohibit or limit any given type, kind, or class of aeronautical use of the Airport if such action is necessary for the safe and efficient operation of the Airport, or necessary to serve the civil aviation needs of the public, and if such action is specifically approved by FAA.

i. Permit no exclusive right for the use of the Airport by any person providing, or intending to provide, commercial aeronautical services to the public. However, at the Airport's sole discretion, if the Airport chooses to provide a commercial aeronautical service it may prohibit other entities from providing a similar aeronautical service at the Airport.

In addition, all Operators providing commercial aeronautical services on the Airport will make their facilities and services available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical users.

These Minimum Standards may be amended by the Airport from time to time as conditions require, or to establish Minimum Standards for additional aeronautical services, in accordance with applicable FAA guidelines and requirements, Airport rules and regulations, and City Ordinances or Codes, as appropriate.

MINIMUM STANDARDS

1.3 Applicability

The City of San José owns and operates the Norman Y. Mineta San José International Airport (SJC). To encourage growth and development of the Airport and to facilitate the development of adequate aeronautical services and facilities for Airport users, the Airport has established these standards and requirements (the "Minimum Standards") for provision of certain aeronautical services at the Airport.

Pursuant to the City of San José Municipal Code, no person shall conduct any commercial activity or otherwise transact business on the Airport without first obtaining the authorization required under Title 25 of the Municipal Code.

These Minimum Standards establish the criteria by which the Director shall consider requests from prospective aeronautical service providers to do business on the Airport, as well as the Minimum Standards that aeronautical service providers shall comply with while operating on the Airport.

These Minimum Standards shall apply to all Aeronautical Service providers, with the exceptions noted below. These Minimum Standards do not apply to:

- The Airport itself.
- Certificated air carriers providing scheduled passenger and/or cargo service operating under a separate lease and/or operating agreement with the Airport;
- Non-aeronautical commercial service providers such as restaurants, rental cars, concessions, taxis, Airport shuttles, etc., located on or otherwise serving the Airport;
- Non-commercial Airport tenants, including private aircraft owners and operators operating under 14 CFR Part 91, except as noted below.
- Aircraft operators and service providers that are not based at the Airport but that use the Airport on a transient or itinerant basis and comply with all applicable rules, regulations, and procedures.

These Minimum Standards are not intended to be all-inclusive; aeronautical service providers are also subject to all applicable federal, state, and city laws, codes, ordinances, rules, regulations, including the rules and regulations promulgated by the Airport, as may be amended from time to time.

The provisions of the Minimum Standards herein contained do not supersede any federal, state, or local law, code, ordinance, or regulation; Airport operating rules and regulations; lease, permit, or agreement entered into with the Airport or the City. It is intended that the Minimum Standards be consistent with all applicable laws, ordinances, codes, rules, and regulations. In the event of any difference between the Minimum Standards and other applicable laws, ordinances, rules, regulations, agreements, etc., the Airport reserves the right

to amend the Minimum Standards as needed to ensure consistency. For existing leases or operating agreements that may be in conflict with these Minimum Standards, these standards do not supersede the conflicting terms of the existing agreements, however, it is the intent of the City to amended these standards into existing agreements as such opportunities occur. Any part of these Minimum Standards that would preclude an existing tenant from operating or are not reasonably practical under the terms of an existing lease will not be included in any amendments to such existing leases. For example, the Minimum Standard setting a minimum acreage for an FBO at the Airport would not apply to an amendment to an existing FBO agreement where the FBO currently operates on less than the minimum FBO acreage required under the Minimum Standards.

These Minimum Standards are subordinate and subject to the provisions of any agreement between the City and the United States Government relative to the operation and maintenance of the Airport, the execution of which has been, or may in the future be, required as a condition precedent to the transfer of federal funds or property to the City for Airport purposes, or the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Aviation Act of 1958, as amended.

The invalidity or unenforceability of any provision of these Minimum Standards shall not affect the validity or enforceability of any other provision of these Minimum Standards, and the remainder shall be construed and enforced as if the invalid or unenforceable provision were not included in the Minimum Standards.

1.4 Waivers and Modifications

The Director may (but in no event shall be obligated to) waive one or more of the Minimum Standards applicable to an Operator for good cause shown upon written request by the Operator, provided that such waiver would not adversely affect public health or safety, the quality of service provided by the Operator to the public, or Airport finances or operations, or would not violate any applicable Federal, State, City or other law, statute, ordinance, rule, regulation, or Airport grant assurance. In the event the Director exercises his or her authority under this Section to waive any provision of the Minimum Standards, the decision will be made publicly available through means reasonably available to the public

MINIMUM STANDARDS

SECTION 2. DEFINITIONS

A&P – Airframe and Powerplant

Abandoned – Any piece of equipment, aircraft, or vehicle that is non-airworthy, or does not meet State of California requirements for operation, or has no current registration or airworthiness certificate, or has a mechanical defect and is incapable of being driven or flown.

ADA – Americans with Disabilities Act

Advisory Circulars (AC) – Federal Aviation Administration Advisory Circulars (AC), as amended or superseded from time to time by the FAA.

Aeronautical Activity - Any activity that involves, makes possible, supports, or is required for the operation of aircraft, or that contributes to or is required for the safety of aircraft operations. Aeronautical activities within this definition commonly conducted on Airports include but are not limited to air taxi and charter (on-demand) operations; pilot training; aircraft rental; aerial photography; aerial surveying and patrol; aircraft and parts sales and service; aircraft storage and tieodwns; sale of aviation petroleum products; provision of line services; repair, maintenance, and overhaul of airframes and powerplants; air ambulance and emergency services; avionics and instrument sales and service; and any other activities that, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities.

Aircraft - Any device used or designed for navigation or flight in the air including, but not limited to, an airplane, sailplane, glider, helicopter, gyrocopter, ultra-light, balloon, or blimp.

Air Charter or Taxi Operation – means the commercial operation of providing air transportation of person(s) or property for compensation or hire by either on a charter basis or as an air taxi (non-scheduled) operator with appropriate FAA certification issued under FAR Part 135 or other appropriate federal regulation and/or operating certificate.

Aircraft Fuel - All flammable liquids composed of a mixture of selected hydrocarbons and non-hydrocarbons, expressly manufactured and blended for the purpose of effectively and efficiently operating piston or turbine engines used by aircraft.

Aircraft Movement Area - All paved airfield surfaces (except for the designated general aviation, terminal, and cargo aprons) which includes all runways, taxiways, and non-marked aircraft maneuvering areas of the Airport. The Aircraft Movement Area is defined under formal agreement with the Airport Traffic Control Tower (ATCT) chief, Airport Director, airlines, and

other major aviation users of the Airport. When in operation, the Airport Traffic Control Tower has direct and positive control of activities within the Aircraft Movement Area. The Aircraft Movement Area is also considered a "restricted area" requiring prior authorization by the Airport for ground access.

Aircraft Non-Movement Area - All airfield pavements other than those areas designated as the Aircraft Movement Area.

Aircraft Operation - The taxi, takeoff, or landing of an aircraft on the Airport.

Aircraft Owner - A person, company, agency, or entity holding legal title to an aircraft, or any person, company, agency, or entity having exclusive possession and/or control of an aircraft.

Aircraft Parking and Storage Areas - Those locations of the Airport designated by the Director for the parking and storage of aircraft.

Aircraft Rental – The commercial operation of renting or leasing aircraft to the public for compensation.

Aircraft Sales – The sale and/or leasing of new and/or used aircraft through franchises, licensed dealership or distributorship, or individually, either on a retail or wholesale basis; and also provides such repair, services, and parts as necessary to meet any guarantee or warranty on new and/or used aircraft sold by the Operator.

Airframe and Powerplant Repair and Maintenance – The provision of one (or a combination of) airframe and powerplant overhaul, maintenance, and/or repair services. Such maintenance services require a certificate issued by FAA under 14 CFR 145, with all FAA ratings, licenses, and relevant experience appropriate to the work being performed.

Airport - Norman Y. Mineta San José International Airport (SJC)

Airport Layout Plan - Also ALP Sheet or ALP Set means a graphic presentation to scale of existing and proposed Airport facilities, their location on the Airport and the pertinent clearance and dimensional information required to show conformance with applicable FAA Airport planning and design standards.

Airport Minimum Standards - A document adopted and formally approved by the Airport within which are detailed provisions defining the minimum standards acceptable to the Airport

for entities aspiring to conduct commercial or non-commercial operations or activities on the Airport.

Air Operations Area (AOA) – The area that is inside the Airport boundary in which aircraft movements take place as defined by the Federal Aviation Administration, as amended from time to time by the FAA.

Air Traffic Control Tower (ATCT) – The FAA owned/staffed ATCT facility located on Airport premises.

Based Aircraft - An aircraft which the owner or operator physically locates at the Airport for a period of time, or which lists the Airport as its "home Airport", and whenever absent from SJC, its owner or operator intends to return the aircraft to SJC for storage.

City - The City of San José.

CFR - Code of Federal Regulations.

Commercial Aeronautical Service - A service which involves, makes possible, or is required for the operation of aircraft, or which contributes to, or is required for the safe conduct and utility of such aircraft operations, and includes those services provided by either a Fixed Base Operator or a Specialized Aviation Service Operator, the purpose of such activity being to secure earnings, income, compensation, or profit, whether or not such objective(s) are accomplished. Commercial aeronautical services other than those listed herein may be provided at the Airport at such time that the Minimum Standards have been updated to include standards for those particular services, and service providers are in full compliance with said standards.

Commercial Aviation Operator - A person or persons, firm, or corporation engaging in an activity which involves, makes possible, or is required for the operation of aircraft, or which contributes to, or is required for the safety of such aircraft operations, the purpose of such activity being to secure earnings, income, compensation, or profit, whether or not such objective(s) are accomplished. Authorized activities shall be strictly limited to any one or a combination of the following aeronautical services performed in full compliance with the specific activity standards hereinafter set forth:

- Aircraft and Parts Sales (New and/or Used)
- Airframe and Power Plant Repair Facilities
- Aircraft Rental
- Flight Training and associated ground training
- Line Services

- Sale and dispensing of Aircraft Fuels & Oil
- Specialized Aircraft Repair Service - radios, propellers, instruments, and accessories
- Aircraft Charter and Air Taxi
- Specialized Commercial Flying Services (such as aerial survey, filming, construction support, construction support, etc.)
- Storage and tiedown of aircraft

Controlling Interest - a) ownership of a sufficient number of shares of stock in a company to control company policy; b) ownership of a quantity of shares in a business that is sufficient to ensure control over its direction; c) ownership of 51% or more of the voting stock (shares) that gives the stock owner(s) legal control of a firm.

Director - The Director of Aviation of Norman Y. Mineta San José International Airport (SJC), or the Director's authorized designee.

Employee - means a person who is hired for a wage, salary, fee, or payment to perform work for an employer.

Entity - Any person, persons, proprietorship, association, firm, joint venture, partnership, corporation, company or limited liability company, other business organization, or any combination of the above.

Environmental Laws - All federal, state, and city laws, statutes, ordinances, regulations, resolutions, decrees, and/or rules now or hereinafter in effect, as may be amended from time to time. It also means all implementing regulations, directives, orders, guidelines, federal and state court decisions interpreting, relating to, regulating or imposing liability (including but not limited to response, removal, remediation and damage costs), as well as standards of conduct and performance relating to industrial hygiene, occupational health, and/or safety conditions, environmental conditions, and exposure to, contamination by, or clean-up of any and all Hazardous Materials, including without limitation, all federal or state superfund or environmental clean-up statutes.

Equipment - All machinery, together with the necessary supplies, tools, and apparatus necessary to properly conduct the activity or services being performed.

FAA - The Federal Aviation Administration of the United States Department of Transportation (USDOT).

FAR - Federal Aviation Regulation.

MINIMUM STANDARDS

Federal Grant Assurance - Provision(s) within the sponsor grant agreement promulgated by FAA to which the recipient of federal airport development assistance (the Airport) has agreed to comply with in consideration of the assistance provided. Grant assurances are required by federal statute 49 U.S.C. § 47101.

Fixed Base Operator (FBO) - Any entity approved by the Director to provide commercial aeronautical services on the Airport for the purpose of: (1) engaging in the retail sale of aviation fuels and oils; (2) performing aircraft line services; (3) provide hangar storage for aircraft; and (4) at least two additional aeronautical services listed in these Minimum Standards. An FBO may, at its discretion, provide more than one additional commercial aeronautical service. In addition, an FBO may provide any of the services offered by a designated SASO.

Flight Training - Any entity engaged in instructing pilots and students in dual and solo flight training, in fixed or rotary-wing aircraft, and/or provides such related ground school instruction. Flight and ground training will include any training in preparation to take any FAA written examination and/or flight check ride for any license, or for any type, class, or category rating, upgrade training, or to maintain currency and proficiency as defined by FAA, whether or not such written exams or check rides are actually taken.

Fueling Agent - An entity licensed by the State of California and authorized by the Airport to accept delivery of fuel from a major oil company or fuel wholesaler at the fuel storage facility or fuel farm. At the fuel storage facility, the fueling agent may dispense fuel from the fuel storage tanks into fuel servicing vehicles which must be affiliated with an approved FBO or certificated air carrier.

Fuel Servicing Vehicle - Also Fuel Tanker Vehicle, or Refueling Truck/Vehicle, or Mobile Fueler, means any motor vehicle used for transporting, handling, or dispensing aviation fuel, oils, and lubricants on the Airport.

Fuel Storage Area - Also Fuel Farm, means those facilities where Avgas, Jet-A, or other hazardous materials are stored. These facilities must be in areas designated, inspected and approved by the Airport, City, and State, as appropriate, and meet minimum standards that specifically address the safe storage, handling, and dispensing of fuels or hazardous materials on the Airport, including those promulgated by the National Fire Protection Association (NFPA).

General Aviation West – The west side of the Airport designated for general aviation activity.

MINIMUM STANDARDS

Good Condition – Leasehold areas, facilities, and improvements are maintained in a condition that: a) meet or exceed all federal, state, and city regulations, ordinances, and standards; and b) are consistent with the quality and standards of similar facilities at similar or larger airports. The Director shall determine whether leasehold areas, facilities, and improvements are in good condition as defined herein.

Hangar - Any fully or partially enclosed storage space for one or more aircraft.

Hazardous Material - Any and all: (a) substances, products, by-products, waste or other materials of any nature or kind whatsoever which is or becomes listed, regulated or addressed under any Environmental Laws; and (b) any materials, substances, products, by-products, waste or other materials of any nature or kind whatsoever whose presence in and of itself or in combination with other materials, substances, products, by-products or waste may give rise to liability under any Environmental Law or any statutory or common law theory based on negligence, trespass, intentional tort, nuisance, strict or absolute liability or under any reported decisions of any state or federal court; and (c) any substance, product, by-product, waste or any other material which may be hazardous or harmful to the air, water, soil, environment or affect industrial hygiene, occupational health, safety and/or general welfare conditions, including without limitation, petroleum and/or asbestos materials, products, by-products or waste.

Improvements - The construction of, or any improvement to, any buildings, structures, facilities, utilities, paved areas (such as parking lots, ramp, walkways, or apron), or other facilities constructed or installed by an Operator or the Airport on its Premises including fencing, signage, and landscaping.

Itinerant Aircraft - Also Transient Aircraft, means any aircraft not "home-based" at the Airport, but transiting the Airport, obtaining fuel or other service(s), or on-loading or off-loading passengers or cargo at the Airport. Itinerant aircraft are "home-based" elsewhere and may park or hangar at the Airport for short periods of time.

Laws - All present and future applicable judicial decisions, statutes, laws, ordinances, regulations, building codes, Airport rules and regulations adopted from time to time, regulations, orders and requirements and policies of all governmental authorities, including without limitation, city, state, municipal, county, and federal (including the FAA, the TSA, and other federal agencies), and their departments, boards, bureaus, commissions and officials and such other authority as may have jurisdiction including, without limitation, any regulation or order of a quasi-official entity or body.

LEED - Leadership in Energy and Environmental Design, an internationally-recognized green building certification system developed by the U.S. Green Building Council (USGBC).

Light Industrial Activity - On-Airport industrial activity that may, or may not, be aeronautically related. Such activity must be compatible with Airport operations and cannot directly generate smoke, fumes, light, gases, odors, electronic magnetic fields, radio frequencies, or heat that may adversely affect the usefulness, operation, or safety of the Airport and/or any aircraft operating on or in the vicinity of the Airport.

Light Industrial Development - On-Airport industrial development that may, or may not, be aeronautically related. All on-Airport light industrial facility development and/or associated activities shall be governed and restricted to remain compatible and conducive to the continued operation of the Airport and cannot directly generate smoke, fumes, light, gases, odors, electronic magnetic fields, radio frequencies, or heat that may adversely affect the usefulness, operation, or safety of the Airport. Industrial development of buildings, machinery, facilities, or appurtenances (as determined by the Airport and/or the FAA) shall not interfere with the intended use or safety of the Airport's airspace as defined by the FAA.

Municipal Code - The San José City Municipal Code and Ordinances, as amended from time to time.

NFPA – The National Fire Protection Association.

Non-Aeronautical-Related Commercial Activity - Commercial activity by entities, which by nature of the operation or service, is not directly associated with aeronautical activities. Such activities are allowed provided that they do not adversely affect the usefulness, operation, safety or efficiency of the Airport, and the entity providing such service has a current lease, permit, or agreement with the Airport or the City. Examples of non-aeronautical-related commercial operations include but are not limited to: car rental, taxi, limo, and/or van services; bus service; restaurants, bars, and lounges; retail stores.

Non-Commercial Aeronautical Activity - Activity by any entity that provides aviation service(s) or operates equipment and/or facilities solely for its own benefit, not for the benefit of the public, nor for any compensation, hire, or profit. Non-commercial aircraft operations shall be conducted under FAR Part 91, unless otherwise required by the FAA.

Non-Secured Identification Display Area (Non-SIDA) - That portion of the Airport specified in the Airport security program, in which security measures specified in Title 49 of the Code of Federal Regulations Part 1542 are carried out. Persons with unescorted access to

this area are required to undergo a TSA Security Threat assessment. Access badges issued to General Aviation users are not valid beyond GA West.

Normal Business Hours - means those hours during which most similar businesses in the community are open to serve customers, and are generally Monday through Friday, 8:00 a.m. to 5:00 p.m., except for holidays recognized by the majority of business in San Jose.

Operator - Any Entity doing business on the Airport as either a Fixed Base Operator or a Specialized Aviation Service Operator.

Owner - The owner of, and which has the authority over, the Airport, referred to as City of San José (or the City), acting by and through the City Council and the Director of Aviation.

Permit - A temporary conveyance of the right to occupy and use property under the Airport's authority, or the permission to engage in a specified activity, or the provision of specified service(s) on the Airport.

Permittee - An operator or other entity having a valid permit issued by the Airport or the City.

Premises - A defined area on the Airport which the Airport has either leased to an entity or has granted an entity the preferential right to use by permit or other written agreement, in order to operate aircraft and/or provide aeronautical services.

Security Identification Display Area (SIDA) - That portion of the Airport specified in the Airport security program, in which security measures specified in Title 49 of the Code of Federal Regulations Part 1540 are carried out. This area includes the secured area and may include other areas of the Airport. Persons with unescorted access to this area are required to undergo a TSA Security Threat assessment and may be required to complete a Criminal History Records Check (CHRC). There are two distinct security areas on the Airport with respect to security procedures; the Air Carrier and the General Aviation areas. Access badges issued to authorized General Aviation users are not valid beyond GA West.

Self-Fueling and Self-Service Aircraft Servicing - The fueling or servicing of an aircraft (including changing the oil, washing aircraft, and maintenance allowed by FAA) by the owner of the aircraft with the owner's own employees and using the owner's own equipment. Self-fueling and self-service aircraft servicing may not be contracted out to another party, nor may fuel or other related products or services be sold or traded by the owner to another entity. Self-fueling entails using fuel obtained by the aircraft owner from the source of his/her preference. Self-fueling differs from using a self-service fuel pump made available by the

Airport, an FBO or an aeronautical service provider. The use of a self-service fuel pump made available by the Airport or an Operator is a commercial activity and is not considered self-fueling as defined herein.

Self-Service Fuel - Using a self-service fueling pump made available by the Airport or an FBO. The use of a self-service fueling pump is a commercial activity and is not considered self-fueling as defined above.

Specialized Aviation Service Operator (SASO) - Any Entity providing one but not more than two commercial aeronautical services. Aircraft fueling and line service may not be performed as a Specialized Aviation Service; only approved Fixed Base Operators will be authorized to perform aircraft fueling and line service.

SPCC – Spill Prevention, Control and Countermeasure Plan.

Sublease - An agreement entered into by an Operator with another entity that assigns, transfers or conveys rights or interests in providing services as an Operator on the Airport. The Director may, at his or her sole discretion, require that sublease agreements be entered into after prior approval by the Director. As used in these Minimum Standards, sublease does not mean the agreement between an Operator and a tenant related to basing an aircraft, or otherwise purchasing one or more aeronautical service(s) provided by the Operator in the normal course of doing business on the Airport.

SWPPP – Stormwater Pollution Prevention Plan.

TSA - The Transportation Security Administration.

MINIMUM STANDARDS

SECTION 3. GENERAL REQUIREMENTS

3.1 Prior Agreement/Approval

Prior to the commencement of operations, the prospective Operator will be required to enter into a written agreement with the Airport, which agreement will recite the terms and conditions under which it will operate on the Airport, including, but not limited to: the term of agreement; the applicable rates, fees and charges; the rights, privileges, responsibilities, and obligations of the respective parties; the definition and boundary of the premises and/or improvements subject to the agreement; the specific types and levels of service(s) to be provided; the insurance coverages to be provided by the Entity.

The conditions set forth in these Minimum Standards do not represent a complete recitation of the provisions and covenants to be included in the written agreement.

All Operators are required to comply with the provisions of these Minimum Standards as well as their agreement with the Airport. If an Operator has an existing agreement with the Airport at the time the Minimum Standards are adopted or amended, and if compliance with the Minimum Standards would create a conflict with the agreement, the agreement shall prevail until such time that it is amended, updated, renegotiated, or a new agreement is negotiated, at which time Operator will fully comply with the Minimum Standards.

3.2 Insurance

The Operator shall procure and maintain, during the full term of their lease, permit, or agreement, insurance of the types and in the minimum limits set forth by the City Risk Manager and presented in the written agreement with the Airport, for the respective categories of aeronautical services provided.

3.3 Financial Standards

The Operator must provide a notarized statement from a bank or financial institution licensed to do business in the State of California, or from such other source that may be acceptable to the Airport and readily verified through normal banking or financial channels, of evidence of the Operator's financial responsibility. The Operator must also clearly demonstrate the financial capability to initiate operations, construct and maintain all improvements and appurtenances that are required commensurate with the concept of the operation(s) and service(s) to be provided, and shall also demonstrate its ability to provide adequate working capital to successfully continue the contemplated operation(s) once initiated through the full term of the lease, permit, or agreement.

3.4 Environmental Requirements

Each Operator shall strictly comply with all applicable environmental laws, rules, regulations, policies, and procedures adopted by the Airport, as well as those promulgated by federal, state, and municipal authorities, including the Airport's Stormwater Pollution Prevention Plan ("SWPPP") and Spill Prevention, Control and Countermeasure Plan (SPCC). In addition, each Operator shall comply with generally accepted environmental best management practices (BMP) and standards.

3.5 Conduct of Business Operations

The Operator shall conduct all business operations in a safe and professional manner consistent with the degree of care and skill exercised by experienced Operators providing comparable products, services, and activities at similar Airports in like markets. The Airport expects the Operator to strive to consistently meet (or exceed) its customer's expectations by providing excellent service, in a positive and timely manner, and in full view of the public. Operators are encouraged to exceed Minimum Standards.

3.6 Management Control and Supervision

The Operator shall be responsible for ensuring that it has provided adequate management control and supervision for each service and operation provided on the Airport, during all times when such services are being offered. A minimum of one designated manager and/or assistant manager shall be on duty at all times during times when services are offered and operations are occurring at the Airport. Managers shall also available after normal business hours in the event of an emergency.

3.7 Personnel Training and Certification

Each Operator shall ensure that all personnel in its employment and/or under its control shall receive all required training and certification necessary to provide each service and conduct operations on the Airport in a safe and efficient manner as required by the Airport, FAA, and TSA. Such training shall also include City living wage requirements, and any other specific topic designated by the Airport. Operator shall ensure that all personnel in its employment and/or control shall have current certifications and badges required to perform services in designated areas of the Airport. Copies of all said certificates and badges shall be provided to the Director, including any revisions or amendments thereto.

3.8 Interference with Utilities, Radio, or Navigation Aids

Each Operator shall ensure that it will not interfere with, interrupt, or disrupt any utilities, radio, or navigation aids that are located on or that otherwise serve the Airport. Any and all activities or operations that may potentially interfere with, interrupt, or disrupt any utilities, radios, or navigation aids shall be approved by the Airport prior to such activities or operations being conducted by the Operator, its employees, or agents.

3.10 Personnel

During all operating hours, each Operator shall employ and have on duty trained and qualified personnel in such numbers and with such relevant experience, certificates, and ratings as are required to meet the Minimum Standards in an efficient manner, for all Aeronautical Services and activities being provided by each Operator. Each Operator shall employ a fully-qualified, competent, experienced full-time onsite manager who shall supervise and direct the performance of all Aeronautical Services provided by the Operator, and one or more qualified assistant managers to act for the manager in his or her absence. Operator's employees shall, at all times, be neat and courteous, and shall carry appropriate identification as required by the Airport FAA, and/or TSA. Operator's employees may not use, possess, or be under the influence of alcohol, illegal drugs, or controlled substances while on the Airport, nor possess firearms at the Airport. Each Operator shall closely monitor its employees to ensure compliance with these provisions, as well as consistent high quality service. If permitted by law, the Director may, at his or her discretion, direct Operator to remove from employment at the Airport any employee who violates Airport rules and regulations, or the terms of Operator's lease, permit, or agreement, or any provision of these Minimum Standards.

3.11 Certificates, Licenses, Permits

Each Operator shall obtain and maintain in full force and effect all FAA and other required certificates, licenses, and permits necessary for the services being provided and the operations being conducted at the Airport. Operator shall provide a copy of each license, certificate, and permit to the Director, if requested by the Director, which shall be updated from time to time as required.

3.12 Maintain Leased Premises

Operator shall, at its sole cost and expense, maintain, repair and keep in good condition at all times all of its designated leasehold premises.

3.13 Site Development Standards

1) Location. Operator's facilities may be situated only in those areas of the Airport specified for such use on the approved Airport Layout Plan (ALP) , the Airport Master Plan, and approved by the Director.

2) General Requirements. Operators shall meet all applicable FAA requirements, including remaining clear of designated airspace, imaginary surfaces, navigation aid critical areas, and line of sight criteria, as well as applicable building and fire codes, zoning ordinances, and other standards that apply to the particular facilities and/or improvements being constructed.

3) Site Plan. Applicants who propose services as an Operator shall provide building layout and

site development plans, to scale and in sufficient detail that demonstrates functional compliance with the applicable Minimum Standards, consistency with the Airport Layout Plan, as well as sufficient facilities and space to adequately, efficiently and safely perform all of the proposed services. Site development plans shall be reviewed and approved by the Director prior to any construction.

4) Airport Design Criteria. Construction of all improvements and infrastructure by Operator must conform to, and fully comply with, the plans and specifications submitted by Operator to and approved by the Director. All facilities and improvements shall meet the Airport's *Tenant Design and Construction Guidelines* as well as *Architectural Guidelines*, as may be amended from time to time. All structures shall meet the City's Green Building Ordinance. At the discretion of the Director, any structure that violates these requirements shall be subject to removal or remediation at the Operator's expense. The Director will have the right to review all plans and specifications for any Improvements to be constructed on the premises to determine compliance with such requirements. The approval by the Director shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefore shall at all times remain with the Operator.

5) Design/Construction Review. Operator shall not construct, install, remove, or modify any improvements on the premises without the prior written approval by the Director of Operator's plans and specifications for the proposed project. All plans shall be complete and submitted in accordance with the applicable provisions of the lease, permit, or agreement, and in conformance with the Airport's *Tenant Design and Construction Guidelines,* as well as *Architectural Guidelines*.

6) Bonds and Insurance. Operator shall provide or cause to be provided to the Airport prior to the commencement of any construction of any improvements, a valid performance bond and payment bond, each in the amount of the maximum estimated hard construction costs, for the successful construction of its improvements. Said bonds shall be maintained and kept in full force and effect until work items called for in the Operator's agreement with the Airport are complete. The bonds shall be conditioned to ensure performance and payment by the Operator and its construction contractor of all Improvements required and proposed by the Operator, and to stand as security for the successful completion of the built Improvements on the premises and for payment of any valid claim by the Airport against the Operator or its contractor associated with the construction of the improvements. The bonds shall be in a form acceptable to the Airport and shall be issued by a surety that complies with the requirements of the State of California. If Operator engages any contractors and/or subcontractors to construct improvements on its premises, the contractors and subcontractors must carry appropriate builders risk and commercial general liability policies as is required at that time by the Director for construction projects on Airport property.

8) Other Facilities. The Operator shall ensure that other facilities as may be required to meet applicable building or fire codes, zoning ordinances, or FAA requirements, which may include but not be limited to a paved walkway within the leasehold area to accommodate pedestrian access to the Operator's office; a paved aircraft apron with tiedown facilities within the leased area sufficient to accommodate its services and operations are provided.

9) Landscaping. Landscaping of facilities is required. Each FBO or SASO will be required to provide a plan for landscaping its area to be approved by the Director and maintained by the FBO or SASO in a neat, clean and aesthetically pleasing manner.

10) Right of Relocation. The Airport shall have the right to relocate Operator's premises when necessary to accommodate the Airport development. If relocation becomes necessary, the Airport shall provide the Operator with a replacement area substantially equivalent in size and amenities. Should Operator disagree with the replacement location, Operator shall have the right, within twenty (20) business days of receipt of the Director's written notice of impending relocation, to provide written notice to the Director that Operator disagrees with the relocation and/or the replacement location. Upon such notice by Operator, the parties shall, for a period not to exceed sixty (60) business days from the date of such notice from Operator, negotiate in good faith in an attempt to resolve the matter to the satisfaction of both parties. However, if for any reason the disagreement is not resolved within sixty (60) business days of notice from Operator, the Airport shall have the right to decide the matter, and Operator agrees to and shall abide by the Airport's decision, subject to such rights of termination as Operator may have under its lease, permit, or agreement. If the Airport requires the Operator to relocate its facilities during the term of the lease, permit, or agreement, the Airport will reimburse the Operator for all documented actual and reasonable out-of-pocket expenses and costs, including unamortized cost of improvements, as defined in the lease agreement.

11) Ownership of Improvements. At the Airport's sole discretion, all right, title, and interest in any improvements constructed by or for an Operator on the Airport shall fully vest in the Airport upon the end of the term of the Operator's lease, permit, or agreement. If requested by the Airport, the Operator shall execute and deliver to the Airport such documents as may be required to evidence the Airport's ownership of such improvements. As may be consistent with the provisions of the lease, permit, or agreement, Operator will have the first right of refusal to lease the improvements after ownership has been transferred, for a term to be negotiated with the Airport.

3.14 Time for Performance

Each Operator shall begin construction of leasehold improvements as presented in the approved Site Plan and in conformance with the Airport's *Tenant Design and Construction*

Guidelines within a reasonable period of time or as defined in the lease, permit, or agreement. Completion of work on improvements must be accomplished within the time frame presented in the Site Plan and approved by the Airport. If the Operator requires additional time to either begin construction, or to complete construction of improvements, it must obtain written approval from the Airport prior to such deadlines being reached.

3.15 Airport Security

Each Operator, its employees, agents, and contractors, shall:

- fully comply with the Airport's General Aviation Airport Rules and Regulations as well as abide by all provisions of the Airport's Master Security Plan ("Security Plan") approved by the FAA and/or TSA, and agrees to institute and carry out all security measures as provided in the Security Plan. as may be amended from time to time;
- successfully complete the security training required by the Airport and TSA prior to gaining access to restricted areas of the Airport (including but not limited to the AOA and SIDA);
- successfully complete a background check and security threat assessment (STA) as required by the Airport and/or TSA, and provide all necessary documentation to the Director prior to allowing access of such personnel to secured areas of the Airport (including but not limited to the AOA and SIDA);
- fully comply with all appropriate Airport, TSA, and FAA regulations, including but not limited to 14 CFR Part 139 and 49 CFR Parts 1540 and 1542.

If Operator premises are located in a restricted area accessible only to those persons displaying a security identification badge issued by Airport (including but not limited to the AOA and SIDA), each person working on the premises must wear the badge at all times while on the Airport. The cost to obtain each badge, including its replacement, will be paid for by Operator.

Operator shall control their Premises so as to prevent unauthorized access to the AOA and/or SIDA.

The Operator must use the Airport's approved access control system/vendor to secure AOA access portals on the operator's site. The cost of the access control system installation and maintenance of all equipment will be borne by the Operator. The Airport reserves to change vendors from time to time and the Operator will use the Airport approved vendor for all installation and maintenance needs. The Operator may request to install an independent access control system, subject to Airport approval.

Operator shall submit a construction security plan for all major construction activity occurring inside the AOA, or affecting Airport security. The plan must be submitted in writing and approved by the Airport and TSA before beginning construction activity.

3.16 Equipment and Vehicles

Each Operator shall ensure that on-Airport transportation of personnel and equipment using the Operator's facilities and services is conducted solely in the Operators vehicles. Customer motor vehicles are not permitted on the AOA. The Operator-owned or operated motor vehicles driven on the Airport, particularly the AOA, shall do so only in strict accordance with Airport Rules and Regulations, applicable federal, state and municipal laws, ordinances, codes, or other similar regulatory measures now in existence or as may be hereafter modified or amended.

The Operator shall equip each motor vehicle with a functioning aeronautical mobile two-way radio operating on 121.7 MHZ, 124.0 MHZ, 121.5 MHZ, and any other specific frequency designated by the Director. Each vehicle will also be equipped with an operating rotating beacon or FAA approved flag, or such other equipment as FAA or the Airport shall require. The Airport shall impose vehicle training and licensing requirements on the Operator, and at its sole discretion, charge a fee for on-Airport driving privileges.

3.17 Provide Public Access

All Operators providing commercial aeronautical services on the Airport will make their facilities and services available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical users.

MINIMUM STANDARDS

SECTION 4. APPLICATION REQUIREMENTS

4.1 Application

To provide one or more Aeronautical Services at the Airport, each Entity (prospective Operator) shall submit a written application to the Airport Director, which shall include the following information and, thereafter, shall provide such additional information as may be requested by the Director.

At the discretion of the Director, an application to provide Aeronautical Service(s) at the Airport may be submitted in response to a request issued by the Airport. Further, at the discretion of the Director, the Airport may accept and consider unsolicited applications to provide Aeronautical Service(s).

1) Intended Scope of Services. The prospective Operator must submit a detailed description of the scope of the proposed operation, and the means and methods to be employed to accomplish the contemplated operation, including, at a minimum, the following:

a) The legal name, physical address, telephone number, and email address of the applicant. If the applicant is a corporation, include the legal name, physical address, telephone number, and email address of each of the corporations' officers and directors. If the applicant is a partnership, provide the legal name, address, telephone number, and email address of all general partners. Also provide the legal name, physical address, telephone number, and email address of any person that holds a controlling interest, directly or indirectly, in the applicant. Applicant must disclose if any officer, director, partner, or Person having a controlling interest in applicant is also an officer, director, partner, or a Person holding a controlling interest in any other Commercial Aeronautical Service provider at the Airport.
b) The legal structure of company and attach all documents pertinent to said legal structure, such as incorporation papers, where the company is incorporated and/or licensed, where the company headquarters is located, as appropriate.
c) The proposed date for commencement of the service(s), and the requested term of conducting the same.
d) The specific service(s) to be offered.
e) Whether Operator is applying to be an FBO or a SASO, as defined in these Minimum Standards.
f) The amount, size and location of land required, fully considering the minimum requirement stipulated herein.
g) The size, type, and location of the building(s) to be constructed and/or leased.
h) The number and type of aircraft to be parked, serviced, or provided (as applicable based on the service(s) to be provided).

i) The number of persons to be employed (including the names, titles, addresses, and qualifications of key employees).
j) The hours of proposed operation, fully considering the minimum requirements stipulated herein.
k) A list of material assets, goods and equipment necessary or required to perform the proposed services that are owned, leased, or under purchase contract by the applicant. Copies of such leases and contracts shall be provided to the Director upon request.
l) Copies of pertinent licenses, certifications and permits possessed by the applicant, or its key employees to be based at the Airport, that are necessary or required to perform the proposed services.
m) Certificates of insurance demonstrating proof of minimum coverage as required by the Airport.
n) Such other or additional information as may be required in these Minimum Standards, or that the Director may reasonably require to evaluate the application.
o) List and describe any and all outstanding liens, lawsuits, or legal judgments issued against the company or any of its owners and/or directors within the previous five (5) calendar years. Also describe the current status of any liens, lawsuits, or judgments filed against the company and/or its owners and/or directors within the previous five calendar years.

2) Financial and Managerial Responsibility and Capability. The prospective Operator must provide an audited financial statement, satisfactory to the Director, in evidence of its financial responsibility from a recognized financial institution or from such other source that may be acceptable to the Director and readily verified through normal banking channels. The prospective Operator shall provide all pertinent financial documents (acceptable to the Director) that have been produced within the previous five fiscal years, including audited financial statements. In addition, the prospective Operator shall provide SEC Form 10-K, and/or other appropriate financial documentation, including annual reports, for the previous five fiscal years if such documents exist. If the prospective Operator has not prepared (or had prepared for them) such documents in the normal course of business, then the Director may require other appropriate financial documentation from the prospective Operator for the previous five fiscal years. The prospective Operator must also demonstrate financial capability to initiate operations, to construct proposed improvements, and to provide working capital to carry out the contemplated operations throughout the term of the lease, permit, or agreement. The demonstration of financial and managerial capability shall include a cash flow and a profit and loss projection for the first five fiscal years of the proposed operation.

3) Relevant Experience. The prospective Operator shall furnish the Director with a statement of its qualifications and prior relevant experience in providing the proposed aeronautical service(s), together with a statement that it or its principals have the managerial training, relevant experience, and capability to perform the selected service(s). The prospective Operator shall clearly demonstrate applicable relevant experience at airports similar to or larger than the Airport within the previous three calendar years. The prospective Operator shall provide a minimum of three current references (including names, titles, addresses, phone numbers, and email addresses) of airport managers or directors who oversee facilities where the prospective Operator has provided similar relevant services, as well as current resumes of its key employees to be engaged in the management and operation of the proposed aeronautical services at the Airport.

The Director shall consider the application once the prospective Operator has submitted a complete application. The Director shall not unreasonably deny or delay consideration of an application. A delay to request additional pertinent information from the applicant by the Airport is not, by itself, unreasonable.

4.2 Grounds for Denial of an Application.

Grounds for denial of an application may include the following:

1) The applicant does not, for any reason, fully meet the qualifications, standards, and/or requirements established in the request for proposals issued by the Airport, and/or these Minimum Standards.

2) The applicant's proposed operation or construction would create a safety hazard on the Airport.

3) The granting of the application will require the Airport to expend funds, or supply labor or materials, in connection with the proposed activity or operation that the Airport is unwilling to spend or supply, or the proposed activity or operation will result in a financial loss to the Airport.

4) The proposed operation, development, or construction does not comply with the Airport Master Plan or Airport Layout Plan.

5) The proposed operation, development or construction will result in congestion of aircraft or buildings, or will result in undue interference with the operations of any present Operator at the Airport, or with adequate access to a present Operator's leased premises.

6) The applicant has misrepresented or omitted any material fact in the application or supporting documents, or has failed to make full disclosure in the application or supporting documents.

7) The applicant, or any officer, director, key employee, or Person having a controlling interest in the applicant, has a record of (a) violating the laws, rules and regulations applicable to the Airport or any other airport, including but not limited, to FAA regulations, (b) having defaulted in the performance of a lease, license, permit, or similar agreement

at the Airport or any other Airport.

8) The applicant, in the opinion of the Director, has not provided verified evidence of adequate financial responsibility and/or does not exhibit the relevant experience to undertake the proposed operation or activity based on the information provided with the application.

9) The applicant cannot provide the required performance and other bonds, security deposits, or other acceptable surety in the amount required by the Airport for the proposed operation, activity or construction.

MINIMUM STANDARDS

SECTION 5. FIXED BASE OPERATOR (FBO)

5.1 Introduction

Each FBO shall comply with the Minimum Standards and requirements contained in this section, as well as for each aeronautical service provided on the Airport. Each FBO is encouraged to exceed the Minimum Standards.

5.2 Scope of Activity

Each FBO shall provide as a minimum: aircraft fueling services, line services, aircraft hangar storage, as well as a minimum of any two (2) of the following commercial aeronautical services. The FBO may, at its discretion, provide more than two of the following commercial aeronautical services.

A. Sale of New and/or Used Aircraft, Parts, and Components
B. Flight Training and associated ground training *
C. Aircraft Rental *
D. Aircraft Charter – Air Taxi
E. Airframe & Powerplant Maintenance
F. Aircraft Refurbishing and/or Painting
G. Avionics Sales and Servicing
H. Other aeronautical service as may be determined by the FBO and approved by the Airport, and also described in these Minimum Standards.

* Flight training and aircraft rental may be combined as a single aeronautical service if designated by FBO.

Each FBO shall conduct its business and activities on and from the leased/assigned premises in a safe and professional manner consistent with the degree of care and skill exercised by experienced FBOs providing comparable products, services, and activities from similar Airports in like markets.

Each FBO will make their facilities and services available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical users.

5.3 FBO Minimum Services

Each Fixed Based Operator shall provide the following minimum services:

Aircraft Fueling Services. Each FBO shall provide into-aircraft retail delivery of a recognized brand of aviation fuel (including, but not limited to, Avgas and jet fuel), motor oil, and lubricants as required by the types of aircraft normally utilizing the Airport. Recognized brand means a fuel producer and/or wholesaler or supplier that meets (or exceeds) all applicable federal and state standards and guidelines, and that demonstrates a record of providing aviation fuel in California. The Operator shall provide proper fuel

dispensing equipment to service aircraft, including mobile fuel dispensing trucks to service aircraft operating at the Airport. A minimum of one mobile fueler must have 750 gallon capacity for 100 low lead Avgas, and at least two mobile fuelers with a combined capacity of 10,000 gallons for Jet A. Larger capacity trucks and/or additional mobile fuelers may be required to adequately serve users of the FBO's premises, in which case adequate mobile fueler capacity will be provided by the FBO. Separate dispensing pumps for each grade of fuel are required. Fuel may only be stored in approved storage tanks. All fuel handling and storage facilities, equipment and procedures shall strictly comply with all applicable Federal, State, and City laws, rules, ordinances, and regulations, including without limitation, the most current rules and regulations promulgated by the Airport, the State of California, U.S. Environmental Protection Agency, the City, and the FAA, as well as procedures promulgated by NFPA. Fueling personnel shall be properly trained and qualified to perform their assigned duties. The Operator shall ensure that only clean fuel, free of water or other contaminants, is delivered into the aircraft serviced. The Operator shall maintain current fuel reports on file and available for review at anytime by the Director. Operator shall develop and maintain current a fuel quality control and best management practices plan, and shall provide the Director a copy of said plan for review and approval, as well as any amendments or updates.

All FBO fueling services and systems shall be subject to inspection for fire and other hazards by the Director and/or other Airport representative, and by appropriate State and City fire and safety officials.

The FBO shall adopt and maintain a current spill prevention and countermeasure (SPCC) plan in accordance with applicable federal, state, city, and Airport laws, rules and regulations, which shall be consistent with the Airport's current SPCC Plan. Each FBO shall also develop and maintain Standard Operating Procedures (SOP) for fueling and line services. FBO's SOP shall include a training plan, fuel quality assurance procedures, record keeping, best management practices, Airport security procedures, and emergency response procedures for fuel fires and spills. An FBO SOP shall also address bonding and fire protection; public protection; control of access to fuel storage facilities and vehicles; and marking and labeling of fuel storage tanks and refueling vehicles. A prospective FBO shall submit its SOP to the Airport for review, comment, and approval no later than 60 days before commencing activities at the Airport.

Each Operator shall comply with the following standards, codes, and requirements applicable to fueling service, as may be amended or updated from time to time.

- National Fire Protection Association (NFPA) 407, *"Standard for Aircraft Fuel Servicing"*
- FAA Airport Circular AC 150/5230-4A, *"Aircraft Fuel Storage, Handling and Dispersing on Airports"*

- FAA Advisory Circular 00-34A "*Aircraft Ground Handling and Servicing*"
- Code of Federal Regulations 14 CFR Part 43, "*Maintenance, Preventive Maintenance, Rebuilding, And Alteration"*
- Code of Federal Regulations 14 CFR Part 139, Section 321(e)(1), *"Handling and Storing of Hazardous Substances and Materials"*
- Applicable State of California and City of San Jose Building and Fire Codes
- Applicable fuel tank standards/specifications as adopted by the Airport

Aircraft Line Services. Each FBO shall offer and/or provide suitable hard surface aircraft maneuvering, parking, and hangar storage facilities; adequate tie-down facilities and equipment, including ropes, chains and other types of restraining devices, and wheel chocks for the typical number and type of aircraft simultaneously using the FBO during peak periods; and adequate loading, unloading and towing equipment to safely and efficiently move and store aircraft in times of all reasonably expected weather conditions. Each FBO shall also offer and/or provide adequate ground service equipment, including but not limited to, ground power and starting equipment, fire extinguishers, oxygen carts, portable compressed air, towing equipment, recover disabled equipment, washing and cleaning facilities, and such other equipment, supplies and spare parts as may be reasonably required to service general aviation aircraft at the Airport in accordance with manufacturers recommendations.

Aircraft Hangar Storage. Each FBO shall offer hangar storage of sufficient size and layout to accommodate the types and sizes of general aviation aircraft that typically use the Airport.

5.4 Leased Premises

Each FBO shall lease from the Airport a minimum of fifteen (15) acres of total contiguous land area. The amount of land leased (or subleased) must be sufficient to adequately and efficiently accommodate (a) buildings to include offices, restrooms, waiting and/or conference facilities, equipment storage, flight planning room for customer use, kitchen and/or break room, and other space needed to accommodate the services provided; (b) the safe and efficient parking, hangar storage, and movement of the type and class of corporate aircraft that use the Airport, including a minimum of 5 acres of paved ramp area for aircraft parking. The pavement design strength and layout shall at least accommodate regular use by the Boeing BBJ (and similar sized aircraft) or larger; and at least one hangar with a minimum of 60,000 square feet gross area, which may include associated offices and storage equipment; (c) the movement, parking, and storage of all ground service equipment; (d) if the Operator is providing any other services, sufficient additional space to provide such service(s) and necessary equipment; and (e) sufficient paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis during peak periods. Improvements shall

meet all applicable federal, state, and city building and fire codes, as well as federal and state access requirements, including the Americans with Disabilities Act (ADA), as well as be in full compliance with Section 3, above. All facilities and improvements shall be constructed and maintained in a standard and level of quality consistent with similar facilities at similar or larger airports, as determined by the Director. Operator's security system must fully comply with all applicable Airport specifications and requirements.

5.5 Licenses, Permits, and Certifications

Each FBO shall obtain and maintain in current condition all necessary licenses, permits, and certifications applicable to the services being provided. Each FBO shall provide a copy of each license, permit, and certificate to the Director, if requested by the Director, including any renewal, update, or modification thereto.

5.6 Insurance

Each FBO shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

5.7 Fuel Storage Facilities

Each FBO shall construct and maintain, or lease from the Airport or an approved other party, adequate fuel storage facilities to meet reasonably anticipated demand. Fuel storage facilities (tanks) must be a permanent installation (i.e. no skids or other temporary installation), and must provide a minimum storage capacity of 15,000 gallons for 100 low lead Avgas and 40,000 gallon capacity for Jet A. Each FBO shall have sufficient storage capacity to reasonably limit the number of deliveries by the wholesale fuel supplier. Into aircraft fueling may not be conducted from wholesale fuel mobile vehicles. The FBO is responsible for ensuring that all fuel storage and dispensing facilities meet all current and applicable federal, state, and City codes and regulations, including NFPA.

5.8 Fueling Equipment

Each FBO shall provide and maintain the equipment and facilities required to service the types of general aviation aircraft normally frequenting the Airport. All equipment and facilities shall comply with all applicable city, state, and federal requirements.

5.9 Other Equipment

Each FBO shall provide and maintain other equipment required to service the types of general aviation aircraft normally frequenting the Airport. All equipment shall comply with all applicable city, state, and federal requirements.

5.10 Personnel

During all operating hours, the FBO shall employ and have on duty trained personnel in such numbers with such certificates and ratings as are required to meet reasonably anticipated demand in an efficient manner, for all services being provided by the FBO, including appropriate supervisory and managerial personnel. The FBO shall also have trained personnel available on an on-call basis at all times for emergency services.

5.11 Hours of Activity

Each FBO must be open for business twenty four (24) hours per day, seven (7) days per week, to provide fueling and line services. Other aeronautical services will be provided during the periods specified below for each service.

5.12 Subcontracting Services

The FBO may subcontract or use third party operators to provide any of the aeronautical services identified in Section 5.2, provided that each subcontractor meets all of the requirements of these Minimum Standards, has been prior-approved by the Director in writing, and operates from the Fixed Base Operator's premises. Additionally, the FBO shall be fully responsible and liable for all of the acts, conduct, omissions, and errors of the subcontractor or third party while acting under agreement to the FBO on the Airport.

5.13 Aircraft Removal

Recognizing that aircraft removal is the responsibility of the aircraft owner/operator, the FBO shall be prepared to lend assistance upon request by the Airport in order to maintain the operational readiness of the Airport. The FBO shall prepare an aircraft removal plan and have the equipment readily available that is necessary to remove the types of General Aviation Aircraft that normally use the Airport.

MINIMUM STANDARDS

SECTION 6. SPECIALIZED AVIATION SERVICE OPERATOR (SASO)

6.1 Introduction

A Specialized Aviation Service Operator (SASO) is an Operator engaged in the business of providing at least one, but not more than two aeronautical services on the Airport. A SASO is prohibited from providing aircraft fueling services or line services at the Airport to aircraft owners, Airport users, and Airport tenants. Only an approved FBO can provide aircraft fueling services and line services to aircraft owners, Airport users, and Airport tenants. A SASO shall comply with all of the standards and provisions contained in this section. In addition, a SASO shall meet the minimum standards for each aeronautical service provided, as described in these Minimum Standards.

6.2 SASO Services

A SASO must provide one, but may not provide more than two of any of the following aeronautical services on the Airport.

A. Sale of New and/or Used Aircraft, Parts, and Components
B. Flight Training and associated ground training *
C. Aircraft Rental *
D. Aircraft Charter – Air Taxi
E. Airframe & Powerplant Maintenance
F. Aircraft Hangar Storage
G. Aircraft Refurbishing and/or Painting
H. Avionics Sales and Servicing
I. Other aeronautical service as may be determined by the SASO and approved by the Airport, and also described in these Minimum Standards.

* Flight training and aircraft rental may be combined as (and will only be counted as) a single aeronautical service under these Minimum Standards if designated by SASO.

Each SASO shall conduct its business and activities on and from the leased/assigned premises in a safe and professional manner consistent with the degree of care and skill exercised by experienced operators providing comparable products, services, and activities from at similar Airports in like markets.

Each SASO will make their facilities and services available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical users.

6.3 Leased Premises

Each SASO shall lease from the Airport a minimum of one (1) acre of total contiguous land area. The amount of land leased (or subleased) must be sufficient to adequately and efficiently accommodate all of the proposed services, facilities, and improvements.

6.4 Licenses, Permits, and Certifications

Each SASO shall obtain and maintain in current condition all necessary licenses, permits, and certifications applicable to the services being provided. Each SASO shall provide a copy of each license, permit, and certificate to the Airport Director, at the request of the Director, including any renewal, update, or modification thereto.

6.5 Insurance

Each SASO shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

6.6 Equipment

Each SASO shall have available and maintain the equipment required to adequately and efficiently provide the service(s) offered on the Airport. All equipment shall comply with all applicable city, state, and federal requirements.

6.7 Personnel

During all operating hours, the SASO shall employ and have on duty trained personnel in such numbers with such certificates and ratings as are required to meet reasonably anticipated demand in an efficient manner, for all services being provided by the SASO, including appropriate supervisory and managerial personnel.

6.8 Hours of Activity

Each SASO must be open for business during normal business hours, five (5) days per week. The Director may allow variations of that requirement, as well as require each SASO to provide additional hours of service, up to and including twenty-four (24) hour operation, as demand or circumstances at the Airport may warrant. The SASO shall have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, including emergency response, with Operator response time not to exceed 60 minutes.

6.9 Subcontracting Services

The SASO may subcontract or use third party operators to provide any of the services identified in Section 6.2, above, provided that such subcontractor meets all of the requirements of these Minimum Standards, has been prior-approved by the Director in writing,

and operates from the SASO's premises. Additionally, the SASO is fully responsible and liable for all of the acts, conduct, omissions, and errors of the subcontractor or third party while acting under agreement to the SASO on the Airport.

MINIMUM STANDARDS

SECTION 7. MULTIPLE COMMERICAL AERONAUTICAL SERVICES

7.1 Applicability

All Operators providing the commercial aeronautical services described below must meet, and are encouraged to exceed, the Minimum Standards prescribed for each service. Operators providing more than one aeronautical service may meet the Minimum Standards by combining certain requirements (e.g. office space, rest rooms, conference rooms, etc.) to accommodate multiple services. However, at a minimum, the facilities provided must adequately accommodate the anticipated peak demand of any one or combination of multiple services provided. Additionally, all services and facilities must be consistent with, or exceed, the quality and standards of similar services and facilities at similar or larger airports. The Director shall determine whether services and facilities meet the condition defined herein. Any combination of Minimum Standards must be approved by the Director prior to initiating service.

A Fixed Base Operator (FBO) must provide at least two of the following commercial services in addition to fuel sales, line services, and hangar storage, and may provide as many of the following aeronautical services as it decides. A Specialized Aviation Service Operator (SASO) must provide at least one, but in no event more than two of the following aeronautical services.

An FBO must lease a minimum of ten (10) acres of contiguous land on the Airport, and a SASO must lease a minimum of one (1) acre of contiguous land on the Airport. If the provision of any one of these services, or any combination of services, requires additional space, then each Operator shall lease sufficient additional contiguous land as may be necessary to adequately, safely, and efficiently provide such service(s).

Each Operator will make their facilities and services available for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical users.

7.2 Aircraft Charter, Air Taxi

7.2.1 Leased Premises

The Operator shall lease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, flight planning, equipment storage, restrooms, waiting or conference facilities for customer use, (b) aircraft storage and maneuvering, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable Federal Aviation Regulations, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.2.2 Licenses, Permits, and Certifications

The Operator must hold a valid current FAA Air Charter and Taxi Operations Certificate issued under 14 CFR Part 135 or other appropriate Federal Aviation Regulation, with appropriate ratings and licenses as required by the FAA, and amended from time to time, for the services to be provided at the Airport.

7.2.3 Personnel

All pilots providing air taxi or charter services must be employed by the Operator, be fully qualified, current, and certificated by FAA for the particular air charter and air taxi service provided in each aircraft, as required by the FAA and amended from time to time. All management personnel shall have the relevant experience, licenses, and all other qualifications required by the FAA to serve in each specific management position. The Operator shall have available sufficient trained personnel for checking in passengers and handling luggage or cargo.

7.2.4 Equipment

The Operator must own or lease and have available under its exclusive control a minimum of one airworthy and FAA certificated all-weather aircraft. Operator shall also own or lease sufficient equipment to properly and efficiently handle each aircraft it operates on the Airport.

7.2.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide air taxi charter services during normal business hours, five (5) days per week. The Director may allow variations of that requirement.. The Operator shall also have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.2.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.3 Aircraft and Parts Sales (New & Used)

7.3.1 Leased Premises

The Operator shall lease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, restrooms, and waiting or conference facilities for customer use, (b) aircraft and parts storage and maneuvering, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.3.2 Licenses, Permits, and Certifications

The Operator must hold all valid current licenses, certificates, and permits, as may be required to for the sale of new and/or used aircraft and parts. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.3.3 Personnel

The Operators management personnel shall have the relevant experience, licenses, and all other qualifications required to serve in each specific sales position. The Operator shall have available sufficient trained personnel for demonstrating and servicing (as necessary) the aircraft and parts being offered for sale. If flight demonstrations and/or aircraft checkouts are offered as part of the aircraft sales service, then the Operator will have in its employment a sufficient number of suitably licensed and current pilots with the proper experience to demonstrate aircraft, and/or check out customers in each aircraft.

7.3.4 Equipment

The Operator shall own or lease sufficient equipment to properly and efficiently handle and operate each aircraft being offered for sale.

7.3.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide aircraft and parts sales and service during normal business hours, five (5) days per week. The Director may allow variations of that requirement The Operator shall have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.3.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.4 Aircraft Rental

7.4.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, flight planning, equipment, restrooms, and waiting or conference facilities for customer use, (b) aircraft storage and maneuvering, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.4.2 Licenses, Permits, and Certifications

The Operator must hold valid current licenses, certificates, and permits, as may be required for the rental of aircraft to the public. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.4.3 Personnel

The Operators management personnel shall have the relevant experience, licenses, and all other qualifications required to serve in each specific management position. The Operator shall also have available sufficient trained personnel for customer demonstrations, pilot check out, and servicing (as necessary) of each aircraft being offered for rent or lease. If flight demonstrations and/or pilot checkouts are offered as part of the aircraft rental service, then the Operator will have in its employment a sufficient number of suitably licensed and current certified flight instructors, with the proper experience to demonstrate aircraft, and/or check out customers in each aircraft.

7.4.4 Equipment

The Operator shall own or lease sufficient equipment to properly and efficiently handle and operate each aircraft being offered for rent or lease.

7.4.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide aircraft rental and lease services during normal business hours, five (5) days per week. The Director may allow variations of that requirement. The Operator shall also have management personnel available on an on-call basis at all times outside of the Operator’s regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.4.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.5 Aircraft Restoration, Painting, and Refurbishing

7.5.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, work shops, equipment storage, restrooms, and waiting or conference facilities for customer use, (b) performing aircraft restoration, painting, or refurbishment, including maneuvering aircraft and equipment indoors, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable Federal Aviation Regulations, as well as be in full compliance with Section 3, above. Aircraft restoration, painting, or refurbishment shall be conducted indoors in properly equipped and licensed hangars and facilities. Operator's security system must fully comply with the Airport's specifications and requirements.

7.5.2 Licenses, Permits, and Certifications

The Operator must hold a valid current FAA Certificate, with appropriate ratings and licenses as required by the FAA, and amended from time to time, applicable to the service(s) to be provided at the Airport. In the case of aircraft painting, the Operator shall obtain and maintain current all permits and approvals to safely and efficiently conduct that service in full compliance with applicable federal, state, and city environmental laws, regulations, and ordinances. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.5.3 Personnel

All management personnel shall have the relevant experience, licenses, and all other qualifications required by the FAA to serve in each specific position. The Operator shall have available in their employ sufficient trained, licensed, and experienced personnel to adequately perform each service being offered.

7.5.4 Equipment

Operator shall own, lease, or otherwise control sufficient equipment to properly and efficiently provide the services being offered. In the case of aircraft painting, the Operator shall own or lease all of the equipment necessary to safely and efficiently conduct that service in full compliance with applicable federal, state, and city law, regulations, and ordinances.

7.5.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide these services during normal business hours, five (5) days per week. The Director may allow variations of

that requirement Any aircraft restoration and/or painting that is required to be accomplished outdoors can only be performed in areas designated and approved by the Airport, and only during normal business (daylight) hours on weekdays. Such services may only be performed at other times and/or in different locations with prior written approval by the Airport. The Operator shall have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.5.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.6 Aircraft Storage Hangars

7.6.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate hangar buildings, associated facilities (such as offices, storage space, etc.), and aircraft tiedowns with sufficient space for; (a) aircraft storage and maneuvering, (b) offices, equipment storage, and rest rooms, as appropriate for the type of hangar (b) paved apron in front of hangar doors; (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, including fire sprinklers or other suppression systems as determined by the City and/or state; and meet all applicable federal, state, and city access provisions, including the Americans with Disabilities Act (ADA), as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.6.2 Licenses, Permits, and Certifications

The Operator must hold valid current licenses, certificates, and permits, as may be required and applicable for the rental and/or lease of hangar space to the public. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.6.3 Personnel

The Operators management personnel shall have the relevant experience, licenses, and all other qualifications required to serve in each specific position. The Operator shall have available sufficient trained and experienced personnel for moving and storing aircraft and associated equipment safely and efficiently. Operator shall not allow personnel to move, park, or store aircraft in hangar(s) unless the personnel are: in the Operators employ; have been adequately trained in aircraft maneuvering, parking, and storage; demonstrated necessary competency to maneuver, park, and store aircraft and the associated equipment; and meet all of the requirements specified by the commercial insurance policy covering the Operator.

7.6.4 Equipment

The Operator shall own or lease sufficient equipment to properly and efficiently handle and maneuver each aircraft being stored in each of Operator's hangar.

7.6.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to ensure that each hangar is available so that aircraft owners and operators have access to their aircraft 24 hours per day, seven days per week. The Operator shall have management personnel available on

an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.6.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.7 Airframe and Powerplant Maintenance

7.7.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, workshops, equipment storage, restrooms, and waiting or conference facilities for customer use, (b) performing airframe and powerplant maintenance, overhaul, and repairs, including maneuvering aircraft and equipment indoors, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. Operator's facilities shall meet all applicable building and fire codes, as well as all applicable federal, state, and city access provisions, including applicable Federal Aviation Regulations, as well as be in full compliance with Section 3, above. Airframe and powerplant maintenance, overhaul, and repairs shall be conducted indoors in properly equipped hangars or other facilities on Operators leasehold area, except when such services, such as engine run-ups, are required to be accomplished outdoors. Operator's security system must fully comply with the Airport's specifications and requirements.

7.7.2 Licenses, Permits, and Certifications

The Operator must hold a valid current FAA certificates issued under 14 CFR Part 145, or other appropriate federal aviation regulation, with appropriate ratings and licenses as required by the FAA, and amended from time to time, for the maintenance and repair services to be provided at the Airport. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.7.3 Personnel

All management personnel shall have the relevant experience, licenses, and all other qualifications required by the FAA to serve in each specific position. The Operator shall have available in their employ sufficient trained, licensed, and experienced personnel to adequately perform each maintenance and repair service being offered.

7.7.4 Equipment

The Operator must own or lease sufficient equipment to properly and efficiently provide airframe and powerplant maintenance and repair services.

7.7.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide these services during normal business hours, five (5) days per week. The Director may allow variations of that requirement. Any aircraft and/or powerplant maintenance, overhaul, or repair services, such as engine run-ups, that are required to be accomplished outdoors, can only be performed

in areas designated and approved by the Airport, and only during normal business (daylight) hours on weekdays. Such services may only be performed at other times and/or in different locations with prior written approval by the Airport. The Operator shall have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.7.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.8 Avionics/Instrument Maintenance and/or Sales

7.8.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices and workshops for performing avionics and instrument sales, maintenance, overhaul, and repairs, (b) equipment storage, restrooms, and waiting or conference facilities and (c) maneuvering aircraft and equipment indoors (as appropriate), (d) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable federal aviation regulations, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.8.2 Licenses, Permits, and Certifications

The Operator must hold valid and current FAA certificates issued under appropriate federal aviation regulations, with appropriate ratings and licenses as required by the FAA, and amended from time to time, for the services to be provided at the Airport. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.8.3 Personnel

All management personnel shall have the relevant experience, licenses, and all other qualifications required by the FAA to serve in each specific position. The Operator shall have available in their employ sufficient trained, licensed, and experienced personnel to adequately perform each service being offered.

7.8.4 Equipment

The Operator must own or lease sufficient equipment to properly and efficiently perform avionics and instrument sales and repairs.

7.8.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide avionics and instrument sales and repair services during normal business hours, five (5) days per week. The Director may allow variations of that requirement. Any maintenance or repair services that are required to be accomplished outdoors can only be performed in areas designated and approved by the Airport, and only during normal business (daylight) hours on weekdays. Such activities may only be performed at other times and/or in different locations with prior written approval by the Airport. Such activities may not interfere with or disrupt any communications or navigation facilities, or any other electronic activity, at the Airport. The Operator shall have

management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.8.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.9 Flight Training and/or Ground Training

7.9.1 Leased Premises

The Operator shall lease, or sublease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, flight planning, ground school training. restrooms, and waiting or conference facilities for customer use, (b) aircraft storage and maneuvering, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. Operators facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable federal aviation regulations, as well as be in full compliance with Section 3, above. If flight simulators are used, sufficient space and power supplies must be available to safely accommodate all flight simulators. Operator's security system must fully comply with the Airport's specifications and requirements.

7.9.2 Licenses, Permits, and Certifications

The Operator must hold valid current licenses, certificates, and permits, as may be required to for the training of pilots. Operator may be certified by the FAA and operate under the provisions of 14 CFR Chapter 1, Subchapter H - Schools and Other Certificated Agencies, or operate under 14 CFR Part 61, at its discretion. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.9.3 Personnel

The Operators management personnel shall have the relevant experience, licenses, and all other qualifications required to serve in each specific management position. The Operator shall have available in its employment a sufficient number of suitably licensed and current certified flight and ground instructors, with the proper experience, licenses, and ratings, to adequately conduct the training services being offered.

7.9.4 Equipment

The Operator shall own or lease sufficient equipment to properly handle and operate each aircraft being offered for flight training, as well as ground training, including simulators. All equipment will be maintained in at least good condition, and meet all applicable requirements set by the FAA and as may be amended from time to time.

7.9.5 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide flight and ground training services during normal business hours, five (5) days per week. The Director may allow variations of that requirement. The Operator shall have management personnel

available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.9.6 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

7.10 Specialized Commercial Flying Services

7.10.1 Introduction

For the purpose of these Minimum Standards, "Specialized Commercial Flying Services" are specialized commercial flying services, which may include aerial filming, aerial patrol (such as powerlines, gas lines, environmental surveys, etc.), construction support, medical transportation, agricultural, and other specialized services that may be identified by an Operator or the Director. All specialized commercial flying services defined herein, or that may be identified by an Operator in the future, must be approved by the Director before such services may be offered. The Director may impose any conditions or restrictions on any such specialized flying services as may be necessary for the safe and efficient operation of the Airport.

7.10.2 Leased Premises

The Operator shall lease a sufficient amount of land to adequately accommodate buildings and facilities with sufficient space for; (a) offices, flight planning, equipment storage, restrooms, and waiting or conference facilities for customer use, (b) aircraft storage and maneuvering, (c) paved motor vehicle parking facilities to accommodate Operator's customers and employees on a daily basis. Operators facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable federal aviation regulations, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

7.10.3 Licenses, Permits, and Certifications

The Operator must hold valid current licenses, certificates, and permits, as may be required to for the conduct of specialized flying services. At the request of the Director, the Operator will provide copies of all such licenses, certificates, and permits to the Director, including any amended or changed documents.

7.10.4 Personnel

The Operators management personnel shall have the relevant experience, licenses, and all other qualifications required to serve in each management position for the specific service being offered. The Operator shall have available in its employment a sufficient number of suitably licensed and current certified pilots, and support staff, with the proper experience, licenses, and ratings, to adequately and efficiently conduct the specialized services being offered.

7.10.5 Equipment

The Operator shall own or lease sufficient equipment to properly handle and operate each aircraft and other equipment appropriate for each specialized flying service offered. All equipment will be maintained in good or better condition, and meet all applicable requirements set by the FAA and as may be amended from time to time.

7.10.6 Hours of Activity

The Operator shall have sufficient equipment and personnel available to provide specialized flying services during normal business hours, five (5) days per week. The Director may allow variations of that requirement. The Operator shall have management personnel available on an on-call basis at all times outside of the Operator's regularly scheduled business hours in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

7.10.7 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

8. COMMERCIAL AVIATION OPERATORS SUBLEASING FROM ANOTHER

Aeronautical service providers, including FBO and SASO as defined in these Minimum Standards, may sub-lease or sub-contract services and/or facilities to another Commercial Aviation Operator, only under the following conditions:

a) The sub-lessee and/or the sub-contractor will fully comply with all of the provisions of these Minimum Standards, as well as all applicable rules, regulations, ordinances, leases, permits, agreements, and other requirements established by the Airport, City, FAA, and the TSA that govern the Operator and its services.

b) At the Director's sole discretion, the Director may require notification, in writing, of any proposed sub-lease or sub-contract, or other similar agreement, before such sub-leases, sub-contracts, or other similar agreements have been entered into or executed by the Operator. The Director reserves the right, at his or her discretion, to review and approve such agreements.

c) The sub-lessee, and/or the sub-contractor, maintains in effect and full force all of the insurance coverages which the Operator is required to maintain, including holding the City and Airport harmless.

d) The Operator is fully responsible and liable for all actions, conduct, statements, errors, and omissions by the sub-lessee and/or the sub-contractor.

e) The Operator shall provide the Airport with a minimum of sixty (60) day notice in writing prior to any change in the sub-lease and/or sub-contract agreement. The Director may, at his or her discretion, review and/or approve any proposed change to any sub-lease or sub-contract agreement in writing prior to any change being executed.

SECTION 9. NON-COMMERCIAL PRIVATE/CORPORATE OPERATOR

9.1 Definition

Non-commercial private/corporate operator means activity by any entity that provides aviation service(s) or operates equipment and/or facilities on the Airport solely for its own benefit, not for the benefit of the public, nor for any compensation, hire, or profit. Non-commercial aircraft operations shall be conducted under 14 CFR Part 91, unless otherwise required by the FAA.

9.2 Scope of Activity

Non-commercial private/corporate activity may include but not be limited to any non-commercial activities and services classified by FAA as general aviation activity. Such activities may include, but not be limited to, scheduled corporate aircraft shuttle services, aircraft management, etc.

9.3 Leased Premises

The non-commercial Operator shall lease, or sublease a sufficient amount of land and/or buildings in areas designated by the Director to adequately accommodate the intended service and/or activity being conducted on the Airport. All facilities shall meet all applicable building and fire codes, as well as applicable federal, state, and city access provisions, including applicable federal aviation regulations, as well as be in full compliance with Section 3, above. Operator's security system must fully comply with the Airport's specifications and requirements.

9.4 Licenses, Permits, and Certifications

Each Operator shall obtain and maintain in current condition all necessary licenses, permits, and certifications applicable to the services being provided. If requested by the Airport, each Operator shall provide a copy of each license, permit, and certificate to the Airport Director, including any renewal, update, or modification thereto.

9.5 Hours of Activity

No minimum hours of operation are required for this particular service. However, the Operator shall have management personnel available on an on-call basis at all times in order to respond to requests from government agencies, as well as emergency response, with Operator response time not to exceed 60 minutes.

9.6 Personnel

During all operating hours, the Operator shall have on duty trained personnel in such numbers with such certificates and ratings as are required to meet reasonably anticipated demand in an efficient manner, for all services being provided by the Operator, including appropriate supervisory and managerial personnel.

9.7 Subcontracting Services

The Operator may subcontract or use third party operators to provide any of the aeronautical services, provided that each subcontractor meets all of the requirements of these Minimum Standards, has been prior-approved by the Director in writing, and operates from the Operator's premises. Additionally, the Operator is fully responsible and liable for all of the acts, conduct, omissions, and errors of the subcontractor or third party while acting under agreement to the Operator on the Airport.

9.8 Insurance

The Operator shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

SECTION 10. SELF-FUELING AND SELF-SERVICE AIRCRAFT SERVICING

10.1 Permit/Approval

No Entity shall engage in self-fueling and/or self-service aircraft servicing, including constructing, installing, or leasing fuel tanks, or dispensing fuel into an aircraft, unless a valid Self-Fueling Permit authorizing such activity has been obtained from the Airport. The Permit shall include specific limitations and requirements for self-fueling and/or self service aircraft servicing and the Permit shall not reduce or limit Permittee's obligations with respect to these Self-Fueling minimum standards, which shall be included in the Permit by reference.

Prior to issuance and subsequently upon request by the Airport, Permittee shall provide evidence of ownership of any aircraft being operated (under the full control of) and fueled and/or serviced by Permittee, and that said aircraft are based on the Airport.

Permittee may acquire fuel from an FBO on the Airport in lieu of constructing its own storage facilities, if a written agreement has been reached with the FBO on the Airport, and submitted to the Airport for review and approval.

10.2 Licenses, Certifications, and Permits

Permittee shall obtain and maintain in full force all federal, state, and local licenses, certificates, and permits that are required to conduct self-fueling and/or self service aircraft servicing activities on the Airport. Permittee shall provide to the Airport evidence of all such licenses, certificates, and permits, including any amendments or revisions to same.

10.3 Limitations

The Permittee shall not sell, trade, barter, or otherwise dispense any fuels to based or transient Aircraft for commercial purposes. The Permittee shall not dispense any fuels to and/or service any based or transient aircraft that are not owned by or under the full control of Permittee. Any such selling, trading, bartering, dispensing or aircraft servicing shall be grounds for revocation of the Permit by the Director.

10.4 Reporting

Permittee shall maintain on file, and submit to the Airport, current fuel reports. Permittee shall report all fuel delivered to the approved Permittee's fuel storage facility as well as Permittee's Aircraft during each calendar month. Permittee shall submit a summary report along with appropriate fees and charges due the Airport on or before the 10th day of the subsequent calendar month. Permittee shall, during the term of the Permit and for three (3) years thereafter, maintain records identifying the total number of aviation fuel gallons purchased, delivered, and transferred into owners aircraft. Records (and meters) shall be made available for audit by the Airport or designated representatives of the Airport. In the case of a

discrepancy, Permittee shall promptly pay, in cash, all additional rates, fees, and charges due the Airport, plus annual interest, calculated daily, on the unpaid balance at the lesser of 18% or the maximum rate allowable by law from the date originally due.

10.6 Design and Operating Standards

Each Permittee shall comply with the following standards, codes, and requirements applicable to self-fueling service and self-service aircraft servicing, as may be amended or updated from time to time.

- National Fire Protection Association (NFPA) 407, *"Standard for Aircraft Fuel Servicing"*
- FAA Airport Circular AC 150/5230-4A, *"Aircraft Fuel Storage, Handling and Dispersing on Airports"*
- FAA Advisory Circular 00-34A "*Aircraft Ground Handling and Servicing*"
- Code of Federal Regulations 14 CFR Part 43, "*Maintenance, Preventive Maintenance, Rebuilding, And Alteration"*
- Code of Federal Regulations 14 CFR Part 139, Section 321(e)(1), *"Handling and Storing of Hazardous Substances and Materials"*
- Applicable State of California and City of San Jose Building and Fire Codes
- Applicable fuel tank standards/specifications as adopted by the Airport
- Develop and maintain an approved and current SPCC Plan, which must be fully consistent with Airport's SPCC plan.
- Develop and maintain an approved and current Standard Operating Procedures (SOP) Plan
- All employees involved in fueling and line services must successfully complete fuel handling, training, and licensing requirements.

All facilities and improvements constructed, leased, or operated by the Permittee shall also be in full compliance with Section 3, above. Permittee's security system must fully comply with the Airport's specifications and requirements.

10.7 Fuel Products and Hours of Operation

Permittee shall acquire, store, and dispense only fuel and other products that comply with appropriate federal and state standards and guidelines. Permittee is not subject to minimum number of hours of operation or times of operation. However, Permittee must operate in accordance with any procedures or limitations established by the Director.

10.8 Fuel Storage

If Permittee installs and operates its own fuel storage facilities, it shall arrange and demonstrate to the Airport, to the Airport's satisfaction, that satisfactory arrangements have been made for the delivery and storage of fuel in fuel storage tanks located on the Permittee's leasehold area, and approved by the Airport. Permittees shall lease sufficient land to install

adequate fuel storage facilities, including vehicle access, parking, setbacks, etc., as may be required, in the designated fuel storage area approved by the Airport. Permittee shall ensure that all fuel storage facilities are in full compliance with all applicable federal, state, and city regulations, ordinances, and guidelines. Permittee shall construct, install, or lease fuel storage facilities of sufficient capacity to ensure that deliveries by the fuel supplier (wholesale) ground vehicles are limited to a reasonable number.

Permittee shall adopt and maintain a current spill prevention controls and countermeasures plan in accordance with applicable federal, state, city, and Airport laws, rules and regulations, which shall be consistent with the Airport's current SPCC Plan.

Permittee shall develop and maintain Standard Operating Procedures (SOP) for fueling and ground handling. Permittee's SOP shall include a training plan, fuel quality assurance procedures, record keeping, best management practices, Airport security procedures, and emergency response procedures for fuel fires and spills. Permittee's SOP shall also address bonding and fire protection; public protection; control of access to fuel storage facilities and vehicles; and marking and labeling of fuel storage tanks and refueling vehicles. Permittee's SOP shall be submitted to the Airport for review, comment, and approval.

10.9 Hours of Activity

No minimum hours of operation are required for this particular service. However, the Permittee shall have management personnel available on an on-call basis at all times in order to respond to requests from government agencies, as well as emergency response, with Permittee response time not to exceed 60 minutes.

10.10 Permittee Liability and Responsibility

Permittee shall be liable and indemnify the Airport and the City for all leaks, spills, or other damage that may result through the handling and dispensing of fuel and/or other products. Permittee shall be liable and responsible for all cleanup and remediation activities and costs that may be required by federal, state, and city agencies. Permittee shall be responsible for ensuring that all fuel delivered shall be clean, bright, pure, and free of microscopic organisms, water, or other contaminants.

10.11 Fueling Equipment

The Permitee shall provide proper fuel dispensing equipment to service aircraft, including mobile fuel dispensing trucks to service owner's aircraft based at the Airport. In addition, Permittee shall have available all equipment necessary for the collection of any fuel spill or dispersal of other contaminants. If more than one grade of fuel is dispensed, separate dispensing pumps for each grade of fuel are required. Fuel may only be stored in approved storage tanks. All fuel handling and storage facilities, equipment and procedures shall strictly

comply with all applicable federal, state, city and local laws, rules and regulations, including without limitation, the most current rules and regulations promulgated by the federal, state, and city agencies.

10.12 Personnel

All fueling personnel shall be properly trained and qualified to perform their duties. Records of successful completion of said training, including certificates, etc., shall be maintained by the Permittee, and submitted to the Airport. All fueling personnel shall document that they have received appropriate training in, and are fully familiar with, all Airport operating rules and regulations, in particular those dealing with Airport access; Airport security; emergency response; communications; and any other information required by the Airport. Permittee is responsible for ensuring and documenting that all fueling personnel have successfully completed the appropriate background and security checks as required by the Airport, FAA, and TSA, and that all personnel have received the appropriate badges and/or any other approvals from the Airport that may be required to access the Permittees fuel tank(s) and aircraft on the Airport.

10.13 Insurance

The Permittee shall carry and maintain throughout the term of their lease, permit, or agreement with the Airport the insurance coverages that meets (or exceeds) the requirements specified in the lease, permit, or agreement.

COUNCIL AGENDA: 03-13-12
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: February 21, 2012

Approved

Date 2/27/12

SUBJECT: MASTER AGREEMENT WITH BLP ENGINEERS, INC. FOR TECHNICAL LEAD AND QUALITY ASSURANCE/CONTROL SUPPORT FOR THE DIGESTER REHABILITATION PROGRAM AT THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT

RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

(a) Negotiate and execute a Master Service Agreement with BLP Engineers, Inc. for technical lead and quality assurance/control support for the Digester Rehabilitation Program at the San José/Santa Clara Water Pollution Control Plant for an amount not to exceed $2,200,000 for an initial term commencing upon approval of the agreement and continuing through June 30, 2014

(b) Execute up to three additional one-year options and to increase the compensation in an amount not to exceed $1,100,000 for each additional one-year term, subject to the annual appropriation of funds by Council.

OUTCOME

Approval of this master agreement provides the City with the ability to obtain a technical lead and quality assurance/control support for the Digester Rehabilitation Program at the San José/Santa Clara Water Pollution Control Plant (Plant) on an as-needed basis.

BACKGROUND

Since 2007, the Plant has been engaged in a comprehensive master planning effort to identify the short-term and long-term capital improvement investments needed to address the Plant's aging infrastructure and reduced reliability due to facility conditions. Several key process units,

including the Plant's anaerobic digesters, digester gas pipeline conveyance system, dissolved air flotation thickeners (DAFT) and related support facilities, have been identified as priorities for rehabilitation due to capacity, safety and performance issues.

In 2008, the City initiated a Digester Rehabilitation Program focused on process optimization and modernization of sixteen existing anaerobic digesters for solids stabilization, dewatering, drying and final disposal and/or re-use. The goals include co-digestion of sludge, scum and fats, oils, and grease, better mixing and gas production, energy recovery and odor control. The firm of Brown & Caldwell was retained to develop a comprehensive pre-design study and implementation plan for the Digester Rehabilitation Program. The study concluded in October 2011, resulting in final recommendations to upgrade a total of ten digesters with new covers and mixing systems along with other signification upgrades to the digester gas manifold and tunnels, DAFT units, and digester heating systems. Due to operating constraints, the rehabilitation work will need to be completed in three phases: Phase 1 – initial four digesters; Phase 2 – additional four digesters; and Phase 3 – the remaining 2 digesters.

An Implementation Plan has been prepared for the Digester Rehabilitation Program and identifies seven major construction elements:

1. Digester Gas Manifold and Tunnel Improvements
2. Digester Cover and Mixing Upgrades
3. Digester Mixing Equipment 1
4. Digester Mixing Equipment 2
5. DAFT Final Upgrades
6. Digester Heating Upgrades
7. Struvite Control Chemical Feed

The City is in the process of engaging two consultant firms, Black & Veatch and Brown & Caldwell, through existing master agreements, to prepare construction bid documents for the Phase 1 work. Black & Veatch will be responsible for designing the digester gas manifold and tunnel improvements, and Brown & Caldwell will be responsible for designing the digester cover and mixing system improvements, along with the DAFT modifications and heating system upgrades. The result will be two concurrently designed bid packages with the possibility that the designs may be combined into one bid package. Design and bidding services are estimated to take two years following issuance of a Notice to Proceed, which is tentatively scheduled for April 2012.

Given the size and disruptive nature of the project and the need for significant emphasis on the safety related to the lone digester gas pipeline that carries methane gas, coordination required between the various aspects of the projects and current Plant operations, staff identified the need for an engineering consulting firm to provide technical leadership and QA/QC support services for the Digester Rehabilitation Program. Implementation of this program will require coordination with multiple stakeholders including the design consultants; Plant engineering and operations and maintenance staff; and other Plant or City projects such as the on-going Plant Master Plan to ensure projects will be implemented for the long-term needs of the Plant.

For the initial term of the agreement, the technical lead consultant will be responsible for overseeing the Phase 1 work, from the design of the projects up to and including the bidding phase. Any necessary support services during construction and commissioning phases will be developed at a later date in the City's sole discretion subject under the additional option years. Specific tasks to be completed by this consultant include:

- Coordination and facilitation of internal and external project meetings and workshops to review roles, responsibilities, and communications protocol, discuss fundamental design decisions and criteria, set standards and conventions for project design documents, and review schedule and budget commitments, technical review workshops at the 10-30-60-90 percent design stages, and monthly progress meetings with City's two design consultants.
- Technical review of major design submittals, detailed design review at 10-30-60-90-100 percent submittals covering multiple disciplines including general/civil, process/mechanical, structural/demolition, building/mechanical, electric/power, process equipment and sizing, controls systems and strategies. Review of construction cost estimate at 10-30-60-90-100 percent submittals. Coordination of common technical requirements and design interfaces between the two design bid packages, identification and resolution of potential conflicts. Coordination and review of the Process Hazard Analysis at the 30 percent design stage.
- Evaluation of technical issues and piloting assistance/field studies related to: digester mixing alternative, Struvite resistant material, gas compressors and DAFT upgrades and heat exchanger capacity.
- Equipment evaluation, selection, and procurement and review of the pre-purchase contract documents to be developed by City's design consultants at the 60 percent design stage; assist City with negotiation of the sole source purchase agreements where appropriate including evaluation of warranty options; coordinate and monitor pre-purchase equipment delivery schedule; in coordination with City's design consultants, inspect and confirm delivered product for compliance with pre-purchase contract documents; in coordination with City staff and design consultants, develop proper equipment storage plan until installation.

ANALYSIS

Staff began a qualification-based consultant selection process with a Request for Qualifications (RFQ), which was advertised on BidSync in November 2011. Three companies responded to the RFQ and submitted a Statement of Qualifications (SOQ). A panel consisting of representatives from the Environmental Services Department, the City of Sunnyvale and the West Valley Sanitation District evaluated the SOQs. The same panel also conducted oral interviews with all three firms.

The overall selection criteria were: the proposing firm's program approach; the project manager's qualifications and experience; the technical lead's qualifications experience; the specialty subconsultants' experience; the proposing firm's technology implementation and

testing experience; the proposing firm's communications skills; and Local/Small Business Enterprise (LBE/SBE) status.

The individual evaluations from the SOQ screening, oral interview, and LBE/SBE status were compiled using a scoring system based upon a maximum of 100 points of which 54 points maximum were assigned to the submitted SOQ, 36 points maximum to the oral interview, and 10 points to the LBE/SBE status. The total point scores and the resulting rankings of each firm are summarized below:

Consulting Firm	Score	Rank
BLP Engineers, Inc.	87.7*	1
Whitley Burchett & Associates	62.7	2
PSOMAS	56.3	3

* Includes ten points for LBE/SBE preference.

All work to be provided under the master agreement will be negotiated and authorized on a service order basis band will conform to the scope of work described under the background section of this memorandum. City may choose to seek additional services related to project management and project controls and support during construction, based on the need and how many concurrent construction projects would be happening at the same time as the Digester Rehabilitation project.

EVALUATION AND FOLLOW-UP

This master agreement will provide staff with the ability to engage the services of the consultant on an as-needed basis, thereby enabling a cost effective and timely delivery of the Digester Rehabilitation Program. No additional follow-up action with the Council is expected at this time.

PUBLIC OUTREACH

✓ **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)**

COORDINATION

This project and memorandum have been coordinated with Risk Management, Equality Assurance, the City Manager's Budget Office, and the City Attorney's Office. As part of the "contracting-in" evaluation, this project was approved for outsourcing by the City's Contracting-In Committee due to the lack of technical skills required to implement this project within the City. This item is scheduled to be heard at the March 8, 2012 Treatment Plant Advisory Committee meeting.

FISCAL/POLICY ALIGNMENT

This agreement is consistent with the Council-approved budget strategy to focus on rehabilitating aging Plant infrastructure, improve efficiency, and reduce operating costs. This agreement is also consistent with the budget strategy principle of focusing on protecting our vital core services.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: $2,200,000

2. COST ELEMENTS OF MASTER AGREEMENT: The master agreement's consultant services are reimbursed based on an hourly rate schedule in the master agreement for the involved consultant personnel.

3. SOURCE OF FUNDING: 512 – San José/Santa Clara Treatment Plant Capital Fund. Funds will be encumbered, as needed, from the Digester Rehabilitation appropriation when service orders are developed. All encumbrances will be subject to the appropriation of funds.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the agreement recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Master Agreement	2011-2012 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Available							
512	4127	Digester Rehabilitation	144943	$12,820,000	$2,200,000	V-163	6/21/2011; Ord. No. 28928

CEQA

Statutorily Exempt, File No. PP10-066 (d), CEQA Guidelines Section 15262, Feasibility and Planning Studies.

/s/
KERRIE ROMANOW
Acting Director, Environmental Services Department

For questions, please contact Bhavani Yerrapotu, Deputy Director, Environmental Services Department, at (408) 945-5321.