

PALO ALTO AIRPORT ASSOCIATION NEWSLETTER

PALO ALTO AIRPORT



Volume No. XXI Issue No. 3 September 1, 2006

County Airports Commission to Consider a 36% Tiedown Rate Increase at PAO (only) on Tuesday, September 5. Meeting is at 6:00 PM, County Offices, 70 W. Hedding, SJ

If you care about the future of PAO and can make this meeting, you ought to attend. Numbers count in the political process, and this is pure politics. You don't need to speak—your presence will be felt. Public comment, which may be time-limited, is allowed by the Commission's rules. The County will try to make the case that, without this increase, the other County airports will be subsidizing PAO. In spite of records showing recent profits at PAO, the County is insisting on collecting an "outstanding advance" in total before 2017. Also operating expenses and county overhead are projected to grow much faster than inflation and need to be covered, in spite of the fact that the quality or quantity of service provided won't change. Stated differently, the County plans to operate less efficiently in the future and it wants tiedown tenants to cover the increased projected costs incurred by paying a bit extra, *in advance!*

This Airports Commission meeting is a workshop, and no official action can be taken. However, it can set the scene for the following month's meeting where action will probably be taken. Thus, your presence at the next meeting will also be required. Other critical meetings may follow. Stay tuned.

PALO ALTO AIRPORT AT THE CROSSROADS – IS IT WORTH SAVING?

Bob Lenox – Airport Association VP, County Airports Commission Member, AOPA ASN Volunteer

I can't believe I just wrote those words. Five years

ago, if anyone asked me how PAO was doing, I (apparently naively) would reply that the airport was well accepted in the community, and there were no major storm clouds on the horizon. How wrong I was. The difficulties stem not from the Palo Alto community, which has shown its support, but surprisingly, from the operator, the County of Santa Clara.

In 1967, the County leased the airport from the City for the princely sum of \$25, in exchange for the right to operate the airport for 50 years. The major requirements of the lease was that the County assure that revenues in excess of that required for operation stay at the airport, and that the City retain planning and architectural control of the facility.

For some years now, the County Roads & Airports Department has asserted that PAO was a money-loser, that Reid-Hillview supported it, and that the County would be better off not having our airport on its roster. The PAAA has consistently objected to this collection of half-truths and self-serving conclusions. Now, the business plan portion of the recently completed Master Plan lays out the County staff's arguments for leaving the airport at the end of the lease term in 2017, and *opens the door to their plan to suck the airport dry* on their way out.

County Airports Staff immediately proposed a thirty percent increase in tiedown rates; that's now been revised to 36%! In response, the Association went to the County Board of Supervisors Housing Land Use Environment and Transportation Subcommittee (HLUET), protesting that this was essentially a "sneak attack", and asked for time to gather facts and present alternatives. The Supervisors wisely agreed.

PALO ALTO AIRPORT ASSOCIATION NEWSLETTER

The City of Palo Alto was taken aback at the business plan's conclusion as well. At the Association's urging, the City Council asked its highly regarded Auditor to look into the matter. The Association met with the Auditor and her staff, giving them the same information we'd presented to the County Staff for consideration in the past. This time, however, we were taken seriously. The City Auditor secured the cooperation of the County Staff, and they proceeded to go through the books. Their conclusion? The airport has generated over \$400,000 in adjusted net income since the lease inception, even including overhead charges that now average over 40% of the income generated at the airport. For the report: <http://www.cityofpaloalto.org/auditor/reports.html>.

The Association, again perhaps naively, supported a systemic approach to County aviation activities in the past. The auditor's report clearly shows that PAO has supported general County overhead, and the operation of the third airport, South County (E16), for many years. We're currently still supporting South County, and other system-wide requirements, such as the Noise Officer who was hired specifically as a result of the FAR 150 Noise Study at Reid Hillview.

County Staff has elected to ignore the Auditor's report, and has taken a very parochial stand regarding Palo Alto Airport. Since PAO is a leased facility, and the County owns the other two airports, there is definitely a "step-child" attitude regarding Palo Alto Airport. Major ongoing losses at South County don't seem to bother County Staff, as they have "forever" to recover those losses. At Palo Alto, they have no desire to continue the lease, only the wish to make as much as possible in the short period remaining on the lease. As a result, we are faced today with the difficult reality that they will attempt, in the near future, to ramrod one or more serious rate increases down the throats of PAO's users. Don't look for anything more than minimum maintenance required for safety and to meet FAA requirements.

In order to justify its position to the Board of Supervisors, it has developed its own projections

showing a need for additional revenue. One of the contentious assertions of County Staff is that there is an outstanding advance (OA) of (currently) some \$682,000 which must be recovered by 2017. Much of this is based on handwritten records from the 1960s, and relates to the realignment of Embarcadero Road to the old County operated Yacht Harbor and other Baylands improvements. The *entire* cost of emergency repairs to the levee in 2005 was, upon completion, added to the OA. The levee protects local communities well beyond the confines of the airport and costs should be spread accordingly.

The HLUET asked staff to make sure that any rate increase be looked at first by the County Airports Commission. I will be proposing to my fellow Commissioners a small fuel-flowage rate increase, as an alternative to the tiedown rate increase. My reasoning is as follows: A County tiedown rate increase will affect only a subset of airport users in generating revenue for the County, while all users are beneficiaries of the airport facilities. A major tiedown rate increase will drive smaller aircraft, such as the training fleet and older aircraft, elsewhere. We're already at the high end of tiedown rates for Bay Area GA airports; a loss of based aircraft is the beginning of the end. Fuel flowage fees reflect usage, and it's a more equitable way to go.

Now, I'm not gung-ho for fee increases of any kind, mind you. I'm just bowing to the inevitable, and trying to find an acceptable compromise. I am not excited by the prospect of increased cost of operation and ownership at all. However, I know that the reality of the situation is that recommending "no change" will not fly.

The County's planned 36 percent rate increase will no doubt cause hardship to many tiedown tenants, and in my opinion, lead to the decay of the airport as it is abandoned in favor of lower-cost, higher-quality airports. Please join you Association Board in helping to fight the County Staff's plan.

Is the Airport worth saving? What do you think? What are you willing to do?

PALO ALTO AIRPORT ASSOCIATION NEWSLETTER

PAAA Membership Increases to 170

Thanks to the many who have recently joined PAAA, we now have a much stronger presence representing the interests of our airport. Ideally, we would like to have the majority of owners and operators at PAO as members, and in that regard, have a ways to go.

PALO ALTO AIRPORT ASSOCIATION NEWSLETTER

ALERT ! ALERT! ALERT!

**CRITICAL AIRPORTS COMMISSION
MEETING TUESDAY, SEPTEMBER 5, 6:00 PM
COUNTY OFFICE BUILDING, 70 W. HEDDING,
SAN JOSE**

**Discussion: Special tiedown rate increase to be
imposed at PAO only.**

PALO ALTO AIRPORT ASSOCIATION

SEPTEMBER BOARD MEETING

TUESDAY, SEPTEMBER 5, 12:00 PM

ABUNDANT AIR CAFÉ AT PAO

PALO ALTO AIRPORT ASSOCIATION

P.O. BOX 60275

PALO ALTO CA 94306

FIRST CLASS MAIL