Overview Outline for Initial Council Discussion for the Palo Alto Airport

July 11, 2005

1. Introduction
   - Purpose
     - Provide background information to Council regarding the Palo Alto Airport
     - Discuss future of airport relative to existing City Council policy
     - Determine how to follow-up on significant issues raised by Council
     - Other
   - Chronology of recent events
   - No County participation in Council discussion of July 11

2. History
   - 1923 First Palo Alto Airport proposed on Stanford land. City Council passes resolution in support of airfield.
   - 1925 Dedication Ceremony of Airport moved to Baylands
   - 1941 Airport was leased to Palo Alto Airport Inc.
   - 1942 Palo Alto Airport Closed to the Public
   - 1943-1945 Airport leased to United States
   - 1945 Palo Alto Airport returned to public use
   - 1954 Airport moved to its approximate present location
   - 1963 Santa Clara County boundaries changed to include Airport
   - 1964 Palo Alto Airport leased to the County of Santa Clara
   - 1967 Current lease to the County of Santa Clara
   - 1967 Voters approve removing Palo Alto Airport from Dedicated Park Land
   - 1968 FAA Tower Constructed at Palo Alto Airport

3. Lease with County to Operate Palo Alto Airport
   - 1967 City leases Palo Alto Airport to the County of Santa Clara
   - Term of 50 years (lease ends June 11, 2017)
   - Area 101 Acres
   - Rent $25 for the entire term
   - Use Clause
     - Airport land shall only be used for airport related activities
     - County must comply with Federal Aviation Administration (FAA)/Transportation Safety Administration (TSA) regulations
     - County operates airport as if it's the owner of the property
   - Development of Property
     - County shall develop the premises in accordance with its Master Plan and City Council approval
     - County will reimburse its General Fund for expenditures made for construction and maintenance at the Palo Alto Airport (Full $1,000,000 reimbursement not yet complete, as of June 2004 still owed $720,000)
     - County shall utilize all remaining revenues for maintenance, operation, or capital improvement of the Palo Alto Airport
     - City to approve plans and retain architectural control over all structures
   - Compliance with Law clause
     - County must operate airport in accordance with FAA/TSA rules, regulations, and standards
     - TSA Security Guidelines are standards
   - Application Clause
     - City must support County in applications to FAA concerning development and operation of Airport
   - 1968 Lease amendment number 1-substitution of exhibits to the lease
   - 1969 Lease amendment number 2-substitution of exhibits to the lease
   - 1980 Lease amendment number 3 - No second runway or increase in the number of tie downs above 510 without majority of the City Council approval
   - 1983 Lease amendment number 4-specifieds responsibility for utility services and connections
4. **County**
   - County manages three airports (Reid Hillview, South County and Palo Alto)
   - County runs the airports as an enterprise fund
   - County leases to two Fixed Base Operators (FBO’s)
     - Roy Aero Enterprises
     - Airport Management Group
   - County Airports Commission provides general oversight & reports to Board of Supervisors
   - County generates operating revenue from airplane tie-downs, hangars, FBO's and fuel flowage
     - County has run the Palo Alto Airport at approximately $1 million loss over the past 5 years
     - County has not been able to repay $1 million debt to General Fund for last 38 years
     - County has stated that if P.A. Airport can't generate a profit, it would not want to negotiate a new lease
   - The initial draft business plan would require each of the three airports to generate a profit

5. **Related Planning Issues**
   - Palo Alto Comprehensive Plan
     - Current Comp Plan policy “grandfathers” existing airport and does not allow for expansion or intensification. Total number of tie-downs for planes limited to 510
   - Baylands Master Plan
     - Incorporated by reference into Comprehensive Plan. Baylands Master Plan supports land use policies to retain airport at current levels
   - Regional Airport System Plan (RASP)
     - 2003 report prepared by Metropolitan Transportation Commission (MTC), Bayarea Conservation Development Commission (BCDC) and Association of Bay Area Governments (ABAG)
     - Regional trends include increased corporate aviation; shortage of hangar space; greater use of airports for business and personal transportation between airports and other communities
     - Most airports should see increased corporate activity; however, Palo Alto’s airport is constrained by its short runway
     - Palo Alto Airport is identified as “land constrained” meaning there is limited ability to expand aviation and land side facilities
     - Report supports general aviation at Moffett Field
       - 1994 Moffett Field closed as a Military Base
       - City of San Jose supports a General Aviation Airport
       - Mountain View does not support a General Aviation Airport
       - If Moffett Field becomes a General Aviation Airport, the RAPC/MTC staff have suggested the Palo Alto Airport be closed
   - Santa Clara County Airport Master Plan
     - County expects to deliver draft Master Plan (as well as draft Business Plan) to the City Sept-Oct. 2005
     - County has expressed strong interest in developing the currently undeveloped land fronting on Embarcadero with landside facilities such as increased number of hangars
     - County is also proposing to construct a new terminal building that could be jointly used by airport and baylands uesers

6. **Airport as an Asset**
   - Financial Impact for City of Palo Alto
     - Lease payment $25 for the entire 50-year term
     - Sales Tax approximately $150,000 per year
     - Personal Property Tax approximately $200,000 per year
   - Important Mode in Transportation Network
     - Serves business community
     - Safety services: Life Flight, Angel Flight, Civil Air Patrol, transport of organ donations, etc.
   - Recreational resource
     - Approximately 200,000 take off's and landings per year
     - Palo Alto Airport listed as the 61st airport in the top 100 airports nationally for transient aircraft
7. **Palo Alto Airport Joint Community Relations Committee**
   - The County Airports Commission created the JCRC in 1987
   - Membership: 12 members, 5 members to be appointed by the Mayor and 1 City staff
   - The additional members are from the Aviation Community at large with 1 member from the County Airport staff
   - The scope of the committee includes all airport-related issues
   - Annual report is included in packet

8. **2003 Grant Request**
   - County applies for $450,000 grant to repair access road (Embarcadero Way) and install a security gate
   - Council took action to provide conditional grant assurance and City Manager provided letter reflecting Council action
   - County now requests that City provide unconditional assurance

9. **2005 Grant Request**
   - County proposes to apply for $1,340,000 FAA grant for Automated Weather Observation System, pilot controlled lighting, security systems, perimeter fencing and gates
   - February 25, 2005 Grant applications are due
   - April 29, 2005 County requests City Manager sign Grant Application to provide grant assurances and other FAA requirements

10. **Other**
    - East Palo Alto has an interest because it is within flight path of the Airport
    - Stanford Medical Center has an interest in the emergency medical services

11. **Comments from Peter Carpenter, Chair of the JCRC**

12. **Council Questions**

13. **Public Comment**

14. **Council Discussion**