



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 6/13/2022

To: Board of Supervisors

Department or Agency Name(s): Transportation and Public Works

Staff Name and Phone Number: Johannes J. Hoevertsz, 707-565-2231

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Airline Agreement - ExpressJet Airlines LLC operating as aha!

Recommended Action:

Authorize the Chair to:

- A. Execute a Non-Signatory Airline Operator Agreement with ExpressJet Airlines LLC operating as aha! for commercial passenger service at the Charles M. Schultz - Sonoma County Airport for a term of one year with a one year renewal option.
- B. Authorize the Transportation & Public Works Director to approve additional documents required to fully execute this agreement. These documents include, but are not limited to, the Department of Transportation Disability Accommodation Statement and the Affiliate Operator Agreement.

Executive Summary:

The Department of Transportation and Public Works, Airport Division (Airport) is requesting authorization to execute an agreement with ExpressJet Airlines LLC operating as aha! for commercial passenger service for a term of one year with a one year renewal option. As the largest commercial airport serving the North Bay, the Charles M. Schulz - Sonoma County Airport has been approached by ExpressJet to establish once-daily service to Reno, Nevada three days per week. The proposed service would utilize an Embraer 145 50 seat jet.

Discussion:

ExpressJet Airlines LLC operating as aha!

Established in 1986, ExpressJet is a regional airline headquartered in College Park, Georgia and operated by KAir Enterprises. In 2021, the company launched its brand aha! to operate flights between Reno-Tahoe International Airport and cities along the West Coast of the United States. The airline is certified by the United States Federal Aviation Administration (FAA) to conduct domestic operations. The proposed agreement utilizes the same template drafted by County Counsel in conjunction with outside legal counsel for Alaska, American, Avelo, and United Airlines. Included in the Airline Operating Agreement template is an industry standard that allows either party to cancel the Agreement with a ninety (90) day written notice without cause. If approved, ExpressJet anticipates it will begin service to the Sonoma County Airport on July 14, 2022 with a flight once a day on Sundays, Tuesdays, and Thursdays, utilizing an Embraer 145 with 50 seats. The proposed Agreement with ExpressJet will have a term of one year, expiring in July 2023, with a one-year renewal option. The term is set to expire at approximately the same date as the agreements in place with the other airlines at the Airport

to ensure consistent language in the airline operating agreement template.

The agreement allocates up to one departure per day and requires \$500,000,000 in liability insurance coverage. The Agreement includes Airport incentives similar to those found in previous agreements, which waive landing fees, terminal rents, aircraft parking fees, and joint use fees for 12 months from the start of service and a \$30,000 marketing incentive for the launch of service. The waiver of Airport fees is a commonly offered incentive from airports and per Federal Aviation Administration guidelines can only be offered for up to 24 months in duration.

As part of the approval of this agreement, it is requested that the Public Works Director be authorized to execute other documents associated with this Agreement, most notably the approval of the United States Department of Transportation required Disability Accommodation Statement and the Affiliate Operator Agreement in accordance with the terms of this proposed Agreement.

In addition to providing Sonoma County Residents improved air service, ExpressJet's operations will also increase Airport revenue through the collection of passenger facility charges as well as an increase in Airport related activities such as vehicle parking, on-premises car rental, and fuel flowage fees. After completing 12 months of service, ExpressJet will be subject to all applicable Airport fees outlined in the Airport Fee Schedule approved by the Board of Supervisors on March 22, 2022. The anticipated calendar year income from ExpressJet is approximately \$32,000.

Airport Master Plan and Air Transportation Element

The Agreement for ExpressJet is consistent with the current Master Plan for the Airport and the Air Transportation Element of the Sonoma County General Plan, approved by the Board on January 24, 2012. The proposed aircraft for this service meets the noise restriction requirements of the Air Transportation Element required of the County's 2020 General Plan prepared by the Permit and Resources Management Department.

With the approval of the Agreement the Airport will have allocated departures as follows: thirteen to Alaska Airlines, three to American Airlines, two to United Airlines (one of the previously allocated United Airlines departures will be re-allocated to ExpressJet due to non-use), two to Avelo Airlines, and one to ExpressJet. Current airline destinations from STS include Burbank, Dallas, Las Vegas, Los Angeles, Orange County, Phoenix, Portland, San Diego, San Francisco, and Seattle; with approval of this Agreement, the Airport will have a total of 11 destinations at this time. Denver is expected to return in September 2022 for a total of 12 destinations, with the addition of Reno.

Legal Authority

The Airline Operator Agreement includes terms for the lease of certain space in the terminal for ticket counters, gate counters and operational areas at the Airport for the airlines' operational needs. The Board of Supervisors has authority under California Government Code section 25536 to enter into a lease of County property for airport purposes for a term of less than 45 years without compliance with the procedural processes of Government Code sections 25520 et seq., upon a 4/5 vote.

Therefore, it is requested that the Chair execute the agreement with ExpressJet to continue and enhance commercial airline service at the Airport.

Strategic Plan:

N/A

Prior Board Actions:

April 20, 2021: Airline Agreement and Lease - Avelo Airlines

August 22, 2017: Airline Agreement and Lease - Sun Country Airlines

June 6, 2017: Airline Agreement and Lease - United Airlines

February 21, 2017: Airline Agreement and Lease - Alaska Airlines and American Airlines

January 24, 2012: Adopt resolutions certifying the Final Environmental Impact Report, General Plan Amendments and approving the updated Airport Master Plan.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$30,000		
Additional Appropriation Requested			
Total Expenditures	\$30,000		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$30,000		
Use of Fund Balance			
Contingencies			
Total Sources	\$30,000		

Narrative Explanation of Fiscal Impacts:

There will be an initial expense of \$30,000 for advertising assistance made available to ExpressJet according to the terms of the agreement. The advertising assistance as well as the fee waivers mentioned earlier are incentives used to help attract ExpressJet to the Airport and will benefit both the Airport and ExpressJet. The \$30,000 is already programmed into the current FY21-22 budget. No additional funding is necessary.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

ExpressJet Operating and Lease Agreement with Exhibits A-O

Agenda Date: 6/13/2022

Related Items “On File” with the Clerk of the Board:

None.