



SUMMARY REPORT

Agenda Date: 3/21/2023

To: Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure

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

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Proposed FY 23-24 Rate Schedule for Airport Land and Facility Use

Recommended Action:

Adopt a Resolution establishing reasonable rates and charges for the use of land and facilities at the Charles M. Schulz - Sonoma County Airport effective July 1, 2023.

Executive Summary:

The Sonoma County Public Infrastructure Department - Airport Division (Airport) imposes charges for use of Airport land and facilities, including covered and non-covered aircraft storage, terminal building use, aircraft landing, vehicle parking, fuel flowage, autocross track, security badges, special events, applications to conduct business on the Airport and penalties. Staff annually evaluate Airport rates and charges for accuracy, overhead cost and fair market value. The proposed new charges and rate increases recommended today were reviewed and approved by the Aviation Commission on January 19, 2023.

Discussion:

The Airport rates and charges are imposed on general and commercial aviation users of certain Airport services, other commercial business conducted on Airport property as well as the rental or lease of Airport-controlled property. The proposed rate increases for the upcoming fiscal year will partially cover operating costs and/or provide the revenue to meet the increased costs associated with operations, regulatory compliance and future Airport improvements. The increases will be imposed proportionally on all users for specified uses.

With the exception of ground lease rates, all of the proposed rate increases presented in this Board item have not increased for four years or more. The Airport had previously submitted rate increases in 2020 but withdrew the request due to the onset of COVID-19 in an attempt to provide tenant assistance. To offset the reduction in airport revenues as a result of impacts from the pandemic, the Airport received Federal Aviation Administration (FAA) relief funding including the Coronavirus Aid, Relief and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA), to facilitate maintenance of operations for four years. These funds are expected to be fully utilized by the close of the current fiscal year (FY22-23).

This fiscal year, the Airport is recommending new rates and updates to existing rates after reviews conducted by the Airport's consultant, Unison, and a study completed by the Airport's parking management company, SP

Plus, of other airports. The Airport is proposing cost increases in the range of 2-20% based on findings from the rate studies for: Aircraft Storage and Storerooms, Landing charges, Airline Rates, Hot Air Balloon, Terminal General Rates, Fuel Flow Charges, Ground Leases, and Vehicle Parking. The exact rate increase for each fee was determined based on several factors to include increased operational costs (labor, maintenance, escalating cost of materials for hangars, terminal facilities, runway pavement) as well as current market prices for comparable airports. The proposed increases for Special Event Fees and Non-Refundable Application fees are based on staff time required to process and review applications (including County Counsel and TSA review as appropriate).

The Airport is recommending new rates are for Valet Parking and Terminal Digital Advertising as well as updates to Aircraft Storage and Storerooms, Landing Fees, Airline Rates and Charges, Hot Air Balloon Escorts, Vehicle Parking, Ground Lease Rates, Fuel Flowage Fees, and Special Event Fees as follows:

- A. **Aircraft Storage and Storerooms.** The Airport is proposing rate increases between 5% and 15% for aircraft storage and storeroom rentals. These rate and charge increases are based on the cost to repair and maintain each hangar type as well as hangar age, size, location and overall desirability were also taken into consideration. Hangar rates have not increased since 2018 but the costs of materials and staff time to maintain Aircraft Storage have increased continuously over the past five years. This cost-of-service increase is to help cover operating expenses including administration, repairs, maintenance and required annual FAA inspections. Additionally, the demand for aircraft storage space at the Airport and other equivalent sized airports in Northern California is high, with little to no vacancies. These charges have been reviewed and approved by the Aviation Commission.
- B. **Landing Charges.** The Airport is proposing a 15% increase in landing charges for non-local Non-Commercial Flights >12,500 pounds from \$1.32 to \$1.52 per 1,000 pounds. Additionally, the Airport proposes establishing the Landing Charge for Commercial Flights of all weights to \$1.52 per 1,000 pounds. Previously the landing fee for Commercial Flights was split into two rates based on aircraft weight with the 12,500 pounds used as a separation for the two rates. Given that there has been no aircraft weighing less than 12,500 pounds at the Airport in over a year as commercial flights have chosen to use larger aircraft the landing fee for aircraft weighing less than 12,500 pounds will be eliminated. Consistent with industry standard, the Airport does not charge locally based, non-commercial aircraft landing fees given that non-commercial aircraft are charged rent to use the facility. Increased aircraft traffic has impacted airfield pavement which requires maintenance. These proposed rate increases will help recover maintenance costs incurred due to aging pavements and increased use of pavements. The last time landing fees were increased was in 2019.
- C. **Airline Rates and Charges.** The Airline Rates and Charges include terminal space, joint use charges, ramp storage, stair rentals and aircraft remain overnight charges (RONs). The Airport is proposing rate increases of 10% to 20% for airline terminal rates and charges. There has been no rate increase since 2019 for terminal space and ramp storage, since 2016 for RONs and stair rental charges and since 2015 for terminal joint use fees though the airport terminal's size and facilities have been substantially improved and costs to maintain the facility have increased. These proposed increases would help cover escalating operating expenses including administration, repair and increased maintenance.
 - a. Terminal Space, daily and non-daily per sq. ft.- 10 % increase.

- b. Ramp Storage per sq. ft.- 12% increase
- c. Terminal Joint Use Space, daily and non-daily per passenger - 15% increase
- d. Aircraft Remain Overnight daily and monthly charges - 20 % increase
- e. Stair Rental, daily and monthly charges - 20% increase

D. Hot Air Balloon Permit Charges. Annual Commercial Hot Air Balloon Permit Rates have not increased since 2013 and annual Non-Commercial Rates have not increased since 2018. Over that time the costs of staff time has increased continuously. The Airport is proposing an increase in annual permit charges for commercial balloon operators from \$500 to \$550 a 10% increase and for non-commercial operators from \$100 to \$106 a 6% increase to cover increased administrative operating expenses.

E. Vehicle Parking. Vehicle parking rates help recover the costs of the maintenance and administration of airport parking facilities. According to a survey conducted by the Airport's Parking Management Contractor, SP+, the Airport is currently charging parking fees below the average in comparison with other area airports. The Airport offers complimentary parking for up to two hours in both the long and short term lots. The Airport proposes increases to short term, long term and on-street parking fees. Additionally, the Airport is proposing increases to commercial tenant employee parking passes and monthly commuter parking passes. These proposed fee increases, recommended by a parking consultant, would also bring the Airport parking rates more in line with other area airports with equally high parking demands.

- a. Airside Monthly Parking 2.7% increase from \$75 to \$77.
- b. Airside Monthly Parking vehicles over 15' 2.7% increase from \$110 to \$113.
- c. Long Term Parking Lot 15% increase from \$13 to \$15.
- d. Short Term Parking Lot 11% increase from \$18 to \$20.
- e. Monthly Commuter Parking Pass 12% increase from \$130 to \$145.
- f. Commercial Tenant Long Term Lot Parking 6% increase from \$80 to \$85.
- g. Employee Monthly Parking Pass 20% increase from \$10 to \$12.
- h. On-street parking 15% increase from \$13 to \$15.

F. Terminal General Rates. Terminal General Rates are terminal rental rates for concession operators and they have not increased since 2019. Over this time the Airport terminal's size and facilities have been substantially improved. This cost-of-service increase is to cover escalating operating expenses including administration, repairs and increased maintenance. The proposed increase is 10%, from \$3.57 to \$3.93 per square foot.

G. Ground Lease Rates. Land lease rates have increased in Sonoma County. Ground Leases apply to the

leasing of areas of the Airport currently available for a specific use. The different rates are related to the desirability of that section of the Airport. The proposed increase is an effort to stay current with market prices and set a reasonable base rate for any new commercial lease agreement negotiated in the next year. The proposed increases are as follows:

- a. Eastside Section proposed increase of 1.9% from \$0.53 to \$0.54 are per square foot
- b. South/Mid-Section proposed increase of 2.6% from \$0.39 to \$0.40 are per square foot
- c. Non-Aeronautical proposed increase of 1.4% from \$0.74 to \$0.75 are per square foot
- d. Westside Section proposed increase of 3.6% from \$0.28 to \$0.29 per square foot.

Land appraisals are expected to be completed again in 2023 to reassess the market value of Airport property.

H. Fuel Flowage Charges. A fuel flowage charge is a charge for fuel that is dispensed at the Airport and applies to Fixed-Based Operators (FBO) which are companies that provide the sale of fuel. This charge has not increased in 10 years and after reviewing other area airports to include Napa, Nut Tree (Vacaville), Livermore, San Luis Obispo, Reid-Hillview and Palo Alto airports, it was found that the Airport is currently charging fuel fees below the average. The proposed rate increase for fuel is from \$0.12 to \$0.14 per gallon to get the Airport within the average of the airports surveyed.

I. Special Event Charges. Special event charges are processed to help cover administrative costs to process and review the application and submit for FAA security clearance. This charge has not been increased in six years though the number of special event requests has increased drastically in those six years and FAA requirements have become more complex. The Airport is recommending an increase of 15-16% rounded to the nearest whole dollar as follows:

- a. Mini-Public under 10 participants, daily increasing from \$25 to \$29
- b. Medium 10-300 participants, daily increasing from \$100 to \$115
- c. Maximum over 300 participants, daily increasing from \$1,300 to \$1,495
- d. Filming, daily increasing from \$1,300 to \$1,495

J. Non-Refundable Application Fees.

The Airport charges different rates for non-refundable business and other required applications serving various purposes. The increases vary from 1.56% to 2.96%.

- a. Assignment of private hangar 30 days + prior to sale increasing from \$100 to \$102
- b. Assignment of private hangar less than 30 days prior to sale increasing from \$500 to \$514
- c. Operating agreement, aero non-based services increasing from \$320 to \$325.

- d. Operating agreement non-aero non-based services increasing from \$415 to \$425
- e. Operating agreement aero based limited services increasing from \$425 to \$435
- f. Operating agreement non-aero based limited services increasing from \$550 to \$565
- g. Operating agreement aero based full services increasing from \$530 to \$545
- h. Operating agreement non-aero based full services increasing from \$690 to \$710
- i. Lease aero (month to month) increasing from \$795 to \$815
- j. Lease non-aero (month to month) increasing from \$1,035 to \$1,065
- k. Terminal concession (month to month) increasing from \$795 to \$815
- l. Lease (less than 10 yrs. in term) increasing from \$3,580 to \$3,685
- m. Lease (more than 10 yrs. in term) increasing from \$7,425 to \$7,645
- n. Lease amendments (term), increasing from \$2,121 to \$2,180

New Proposed Charges:

A. Valet Parking. Valet parking was implemented as a pilot program in 2022 as a result of parking shortages due to the installation of solar canopies. The pilot program consisted of attendants staffing the valet booth during normal business hours and being backed up by the normal parking attendant during extended business hours for a fee of \$25 per day. During the pilot program it was found that this method was not cost effective as the demand for the service was relatively low. Valet parking has changed substantially from the initial pilot program to the current service. Under the proposed implementation of valet parking, this service will only be available on a reservation basis. A valet reservation ensures staffing availability and a parking spot based on travel needs. Valet parking has allowed the Airport to provide a higher level of customer service and greater transportation convenience for passengers travelling through the Airport with limited time. Guests making reservations arrive at the Airport knowing that someone will be ready and waiting for them and that there is a parking spot reserved for their vehicle. Their vehicle is dropped off and returned to them curbside in the front of the terminal. The rate for valet parking will be \$25.00 per twenty-four (24) hours. This optional service is \$10.00 over the new proposed standard long term daily rate and includes the parking space use in the long-term parking lot.

B. Terminal Digital Advertising Rates New digital advertising spaces are available in the newly constructed terminal buildings. 27 digital screens were added, including in the concourse, the lobby, and at baggage claim. A touch screen kiosk was also added in the baggage claim area. Based on the location and number of screens being used, advertising rates range from \$150 to \$2,000 per display group per month or \$150 per month to be included on the touch screen kiosk. These rates were recommended by Fuse Connect, LLC a consultant that specializes in digital advertising at airports.

Their recommended rates are based on the market rate for like services.

- a. Concourse Network \$850.
- b. Lobby Corridor Network \$750.
- c. Baggage Claim Carousel Network \$1,000
- d. Baggage Claim Wall Network \$850.
- e. Baggage Claim All networks \$1,500.
- f. SoCo Kiosk in Baggage Claim \$150.
- g. Full Airport \$2,500.

Strategic Plan:

N/A

Prior Board Actions:

3/22/22 - Adopted the 2022-23 Airport Fee Schedule

3/23/21 - Adopted the 2021-22 Airport Fee Schedule

5/14/19 - Adopted the 2019-20 Airport Fee Schedule

6/5/18 - Adopted the 2018-19 Airport Fee Schedule

5/9/17 - Adopted the 2017-18 Airport Fee Schedule

6/21/16 - Adopted the Revised 2016-17 Airport Fee Schedule

2/9/16 - Adopted the Revised 2015-16 Airport Fee Schedule

4/21/15 - Adopted the 2015-16 Airport Fee Schedule

4/24/14 - Resolutions No. 14-0174 Adopted the 2014-15 Airport Fee Schedule

4/23/13 - Resolution No. 13-0164 Adopted the 2013-14 Airport Fee Schedule

4/26/12 - Resolution No. 12-0210 Adopted the 2012-13 Airport Fee Schedule

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses		N/A	

Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$1,192,970	
Use of Fund Balance			
Contingencies			
Total Sources		\$1,192,970	

Narrative Explanation of Fiscal Impacts:

The Airport is projecting an additional \$1,192,970 in revenue based on requested new or increased fees and charges during FY23-24. This will help to bridge the gap as the Airport Coronavirus Response Grant Program Funds (ACRGP) are expected to have been fully utilized by the close of the current fiscal year (FY22-23).

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

Airport Master Fee Schedule FY23-24
All Rates Resolution
Fee Details
Parking Rates Survey-December 2022

Related Items "On File" with the Clerk of the Board:

None.