



Airport Commission Meeting

May 13, 2024

Agenda

- I. **Call to Order & Orders of the Day**
- II. Public Record
- III. Consent Calendar
- IV. Reports and Information Only
- V. Public Comment
- VI. Noise Report/Community Noise Concerns
- VII. Business
- VIII. Meeting Schedule and Agenda Items
- IX. Adjournment

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II. Public Record

- *None*

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III. Consent Calendar

- Approval of the Minutes for the Regular Meeting on February 12, 2024

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IV. Reports and Information Only

A. Chair Report

B. Director

C. Council Liaison

D. Staff

E. Commissioner Reports

IV. Reports and Information Only

A. Chair Report

B. Director

C. Council Liaison

D. Staff

E. Commissioner Reports

IV. Reports and Information Only

A. Chair Report

B. Director

C. Council Liaison

D. Staff

E. Commissioner Reports

IV. Reports and Information Only

A. Chair Report

B. Director

C. Council Liaison

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E. Commissioner Reports

IV. Reports and Information Only

A. Chair Report

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E. Commissioner Reports

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Public Comments (Not on Agenda)

Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate.

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VI. Noise Report

San Jose Mineta International Airport Quarterly Noise Summary Q1 2024

	Jan	Feb	Mar	Year Over Year		Quarter Over Quarter		
				Q1 2024	Q1 2023	Difference	Q4 2023	Difference
Total Operations	12,199	11,480	12,590	36,269	38,030	-5%	39,392	-8%
Total Operations between 2330-0630	234	212	279	725	838	-13%	697	4%
Air Carrier Operations between 2330-0630	114	76	148	338	545	-38%	386	-12%
General Aviation Operations between 2330-0630	120	136	131	387	293	32%	311	24%
Total Intrusions	42	15	39	96	124	-23%	80	20%
Total Non Compliant Intrusions	4	0	1	5	10	-50%	20	-75%
Air Carrier Complaints	1,258	1,324	2,503	5,085	6,546	-22%	2,316	120%
General Aviation Complaints	235	375	501	1,111	1,193	-7%	590	88%
Total Complaints	1,493	1,699	3,004	6,196	7,739	-20%	2,906	113%
Total Engine Run-ups **	0	0	0	0	0	0%	0	0%
South Flow Operations	3178	3493	2862	9,533	12,269	-22%	5,930	61%

** High Power (>90%) Engine Run-ups during the Curfew Hours Only

Definitions

Operation: a takeoff or landing of an aircraft at the airport.

Intrusion: is any operation by an unauthorized aircraft between the hours of 2330 and 0630.

Non Compliant Intrusion: is an Intrusion that did not meet the exemption criteria set forth in the municipal code

Air Carrier: a commercial carrier utilizing aircraft as a means of transport of passenger or freight.

General Aviation: all flights other than scheduled Air Carrier service

VI. Noise Report

City	Complaints Q1 2024	Year over Year		vs. Previous Quarter	
		Complaints Q1 2023	Difference	Complaints Q4 2023	Difference
San Jose	149	40	273%	84	77%
Palo Alto	15	28	-46%	8	88%
Milpitas	0	0	0%	1	-100%
Morgan Hill	0	0	0%	0	0%
Cupertino	7	15	-53%	0	#DIV/0!
Mountain View	1,894	2,475	-23%	992	91%
Sunnyvale	4,155	5,031	-17%	1,755	137%
Los Gatos	25	66	-62%	38	-34%
Los Altos	10	16	-38%	1	900%
Santa Clara	149	12	1142%	5	2880%
Campbell	0	0	0%	1	-100%
Saratoga	0	0	0%	0	0%
Other	25	34		15	
Total Complaints	6,429	7,717	-17%	2,900	122%

VI. Noise Report

City	Resident	Complaints Q1 2024			Difference	Resident	Complaints Q4 2023			
Sunnyvale	Household 1	1370	33%	Top 2 62%	49%	Household 1	699	41%	Top 2 54%	
	Household 2	1188	29%		82%	Household 2	211	13%		
	Household 3	722	18%	Top 4 90%	82%	Household 3	130	8%	Top 4 68%	
	Household 4	388	9%		71%	Household 4	112	7%		
	31 Households	4,094			59%	38 Households	1,687			
City	Resident	Complaints Q1 2024			Difference	Resident	Complaints Q4 2023			
Mountain View	Household 1	1891	99.9%	Top 1	48%	Household 1	990	99.8%	Top 1	
	Household 2	1	0.1%				Household 2	2	0.2%	
	Household 3	1	0.1%				Total	992		
	Total	1,893			48%					

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VII. Business

- A. Airport Orientation
- B. Rates and Charges
- C. Retail Concession RFP
- D. Guadalupe Gardens Master Plan Amendment
- E. Election of Officers
- F. Annual Commission Workplan
- G. Legislative Update
- H. Annual Commission Report for FY2024



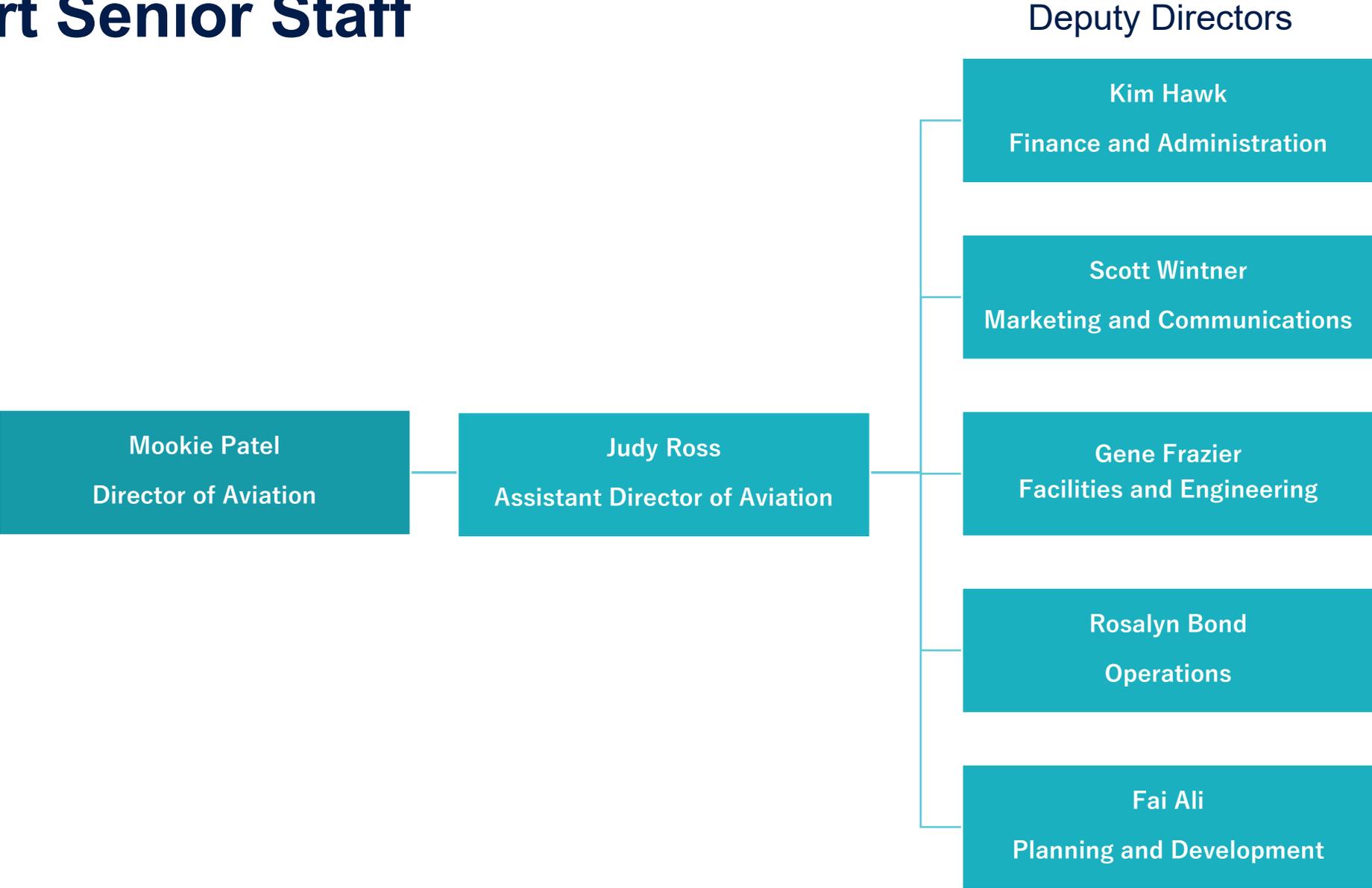
Airport Introduction and Tour



Matthew Kazmierczak

5/13/2024

Airport Senior Staff



SJC Aerial



Highly Regulated Environment



**Federal Aviation
Administration**



**Transportation
Security
Administration**



**U.S. Customs and
Border Protection**

Industry Trends



SJC Profile

- Commercial Aviation (May 2024)
 - 10 Airlines
 - Non-stop service to 40+ airports
 - 12 million passengers (peak 15.8m - February 2020)
- 2 cargo carriers
 - 68 Million Pounds of Cargo
- Economic Impact, supports:
 - \$3.4 billion in business revenue
 - 32,200 jobs¹
 - 5,200 directly at the Airport
 - 27,000 indirectly in the community

General Aviation



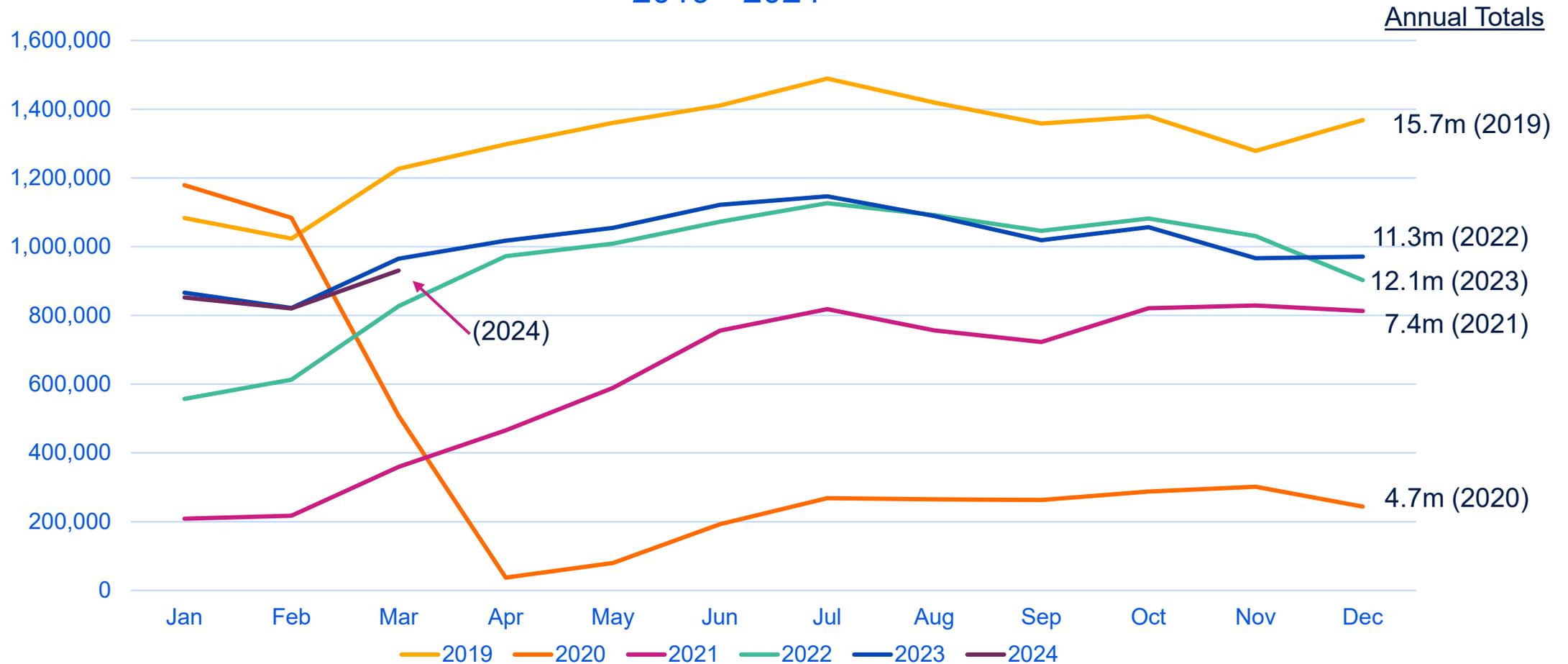
FBOs serve:

- **Silicon Valley Companies**
- **World Leaders**
- **Sports Team Charters**
- **Private Jets**

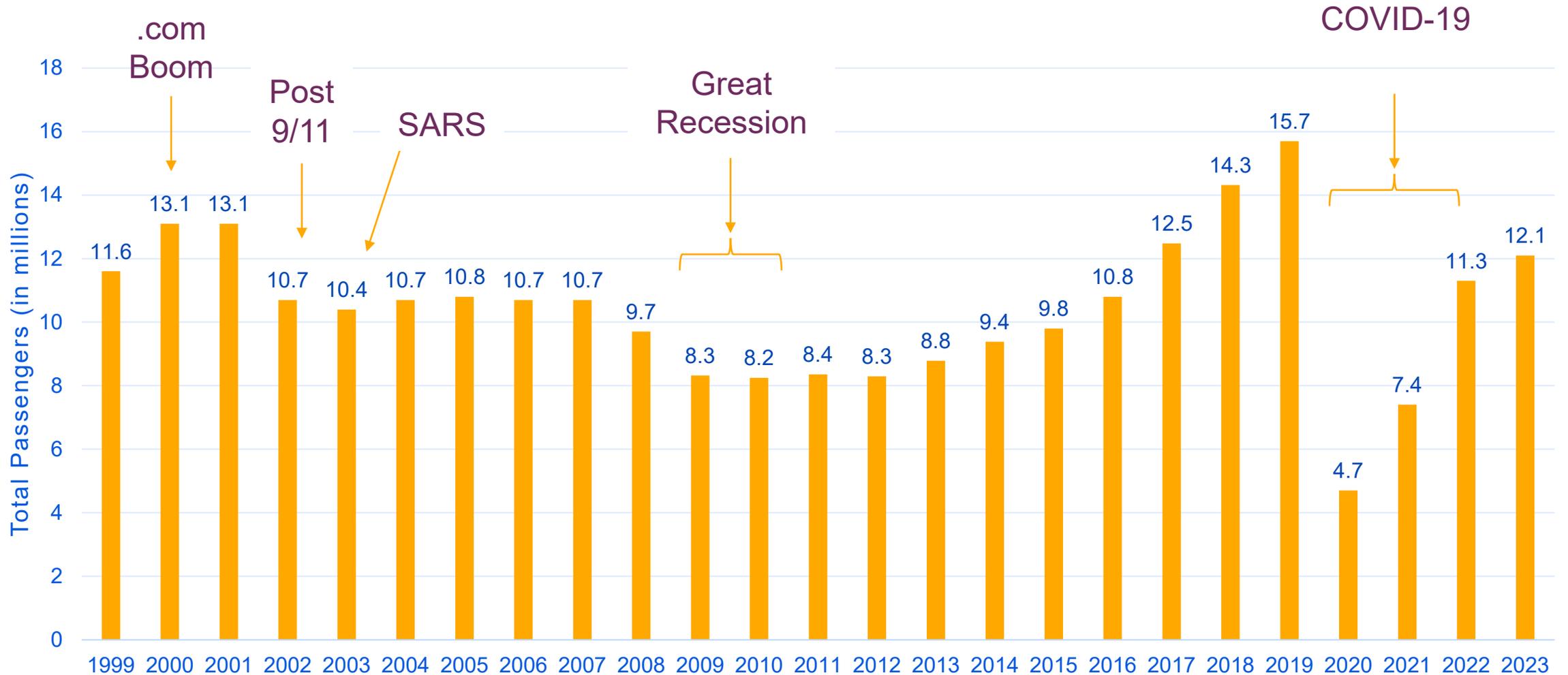


SJC Passengers

Total SJC Monthly Passengers
2019 - 2024



SJC's Annual Passenger Trends (by Calendar Year 1999-2023)



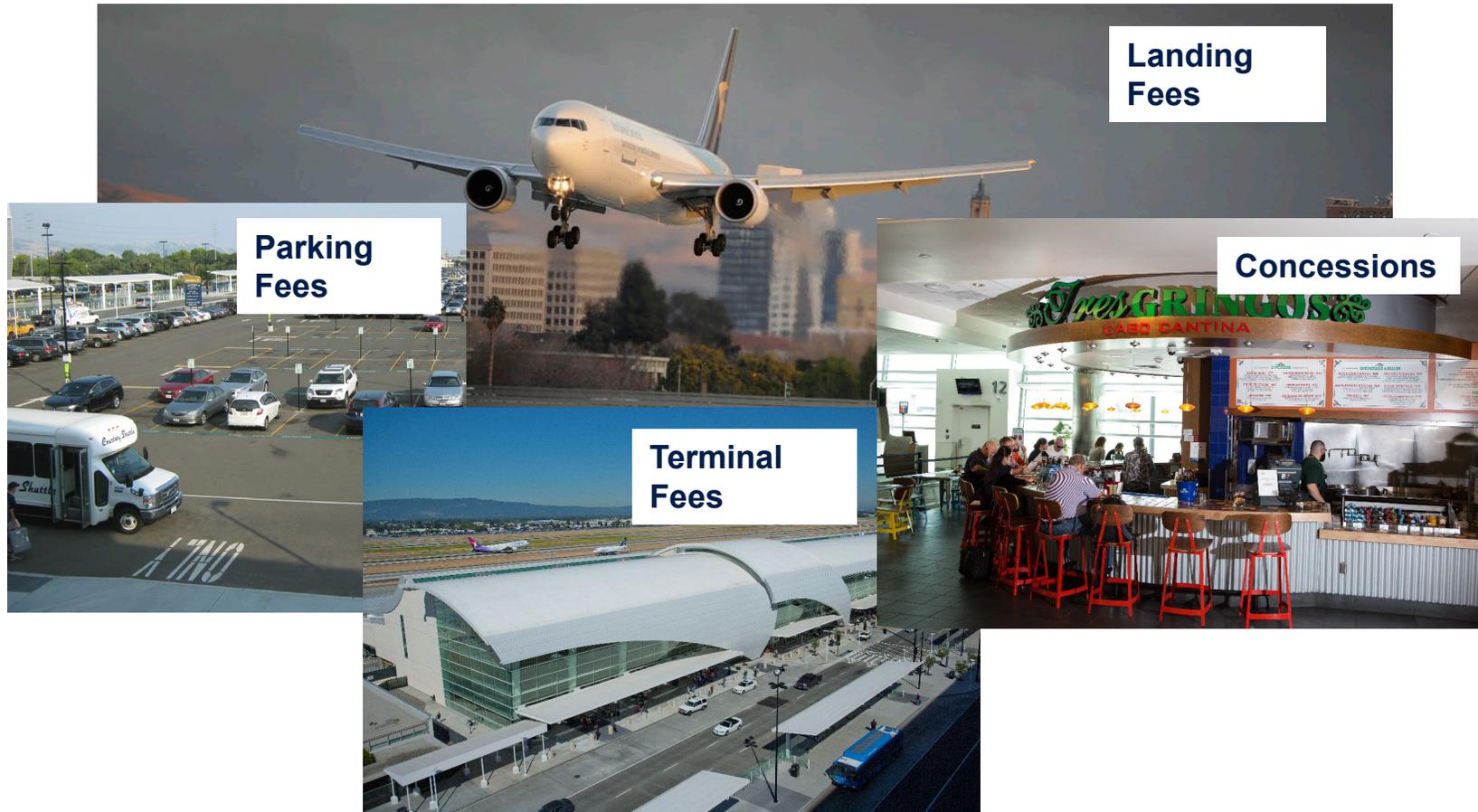
Annual Comprehensive Financial Report

- <https://www.flysanjose.com/financial-reports>



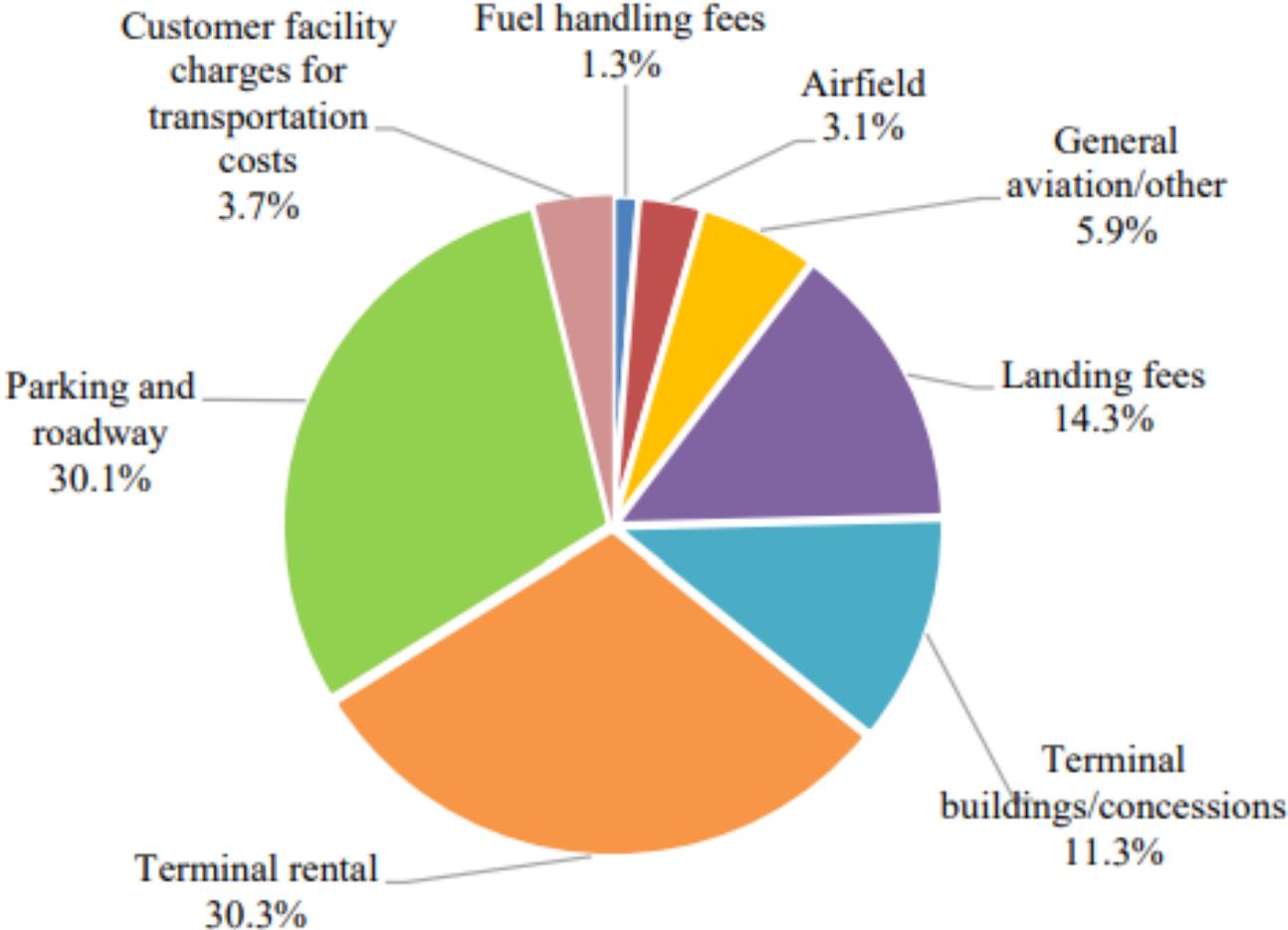
Sources of Revenue

- Airport is a self-supporting entity.
- No local tax revenues are used to support activities.



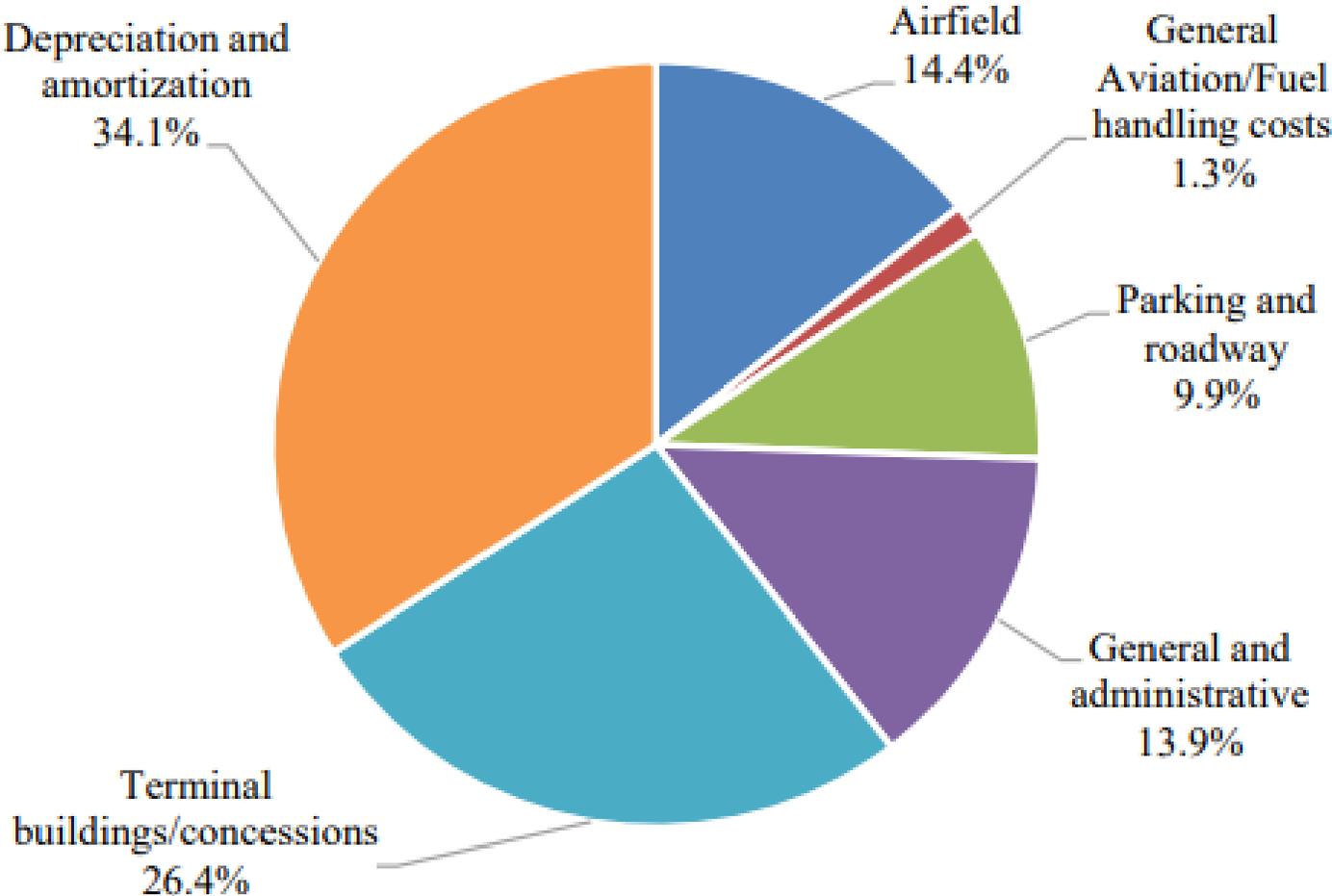
Revenue by Percentage

OPERATING REVENUES FISCAL YEAR 2023



Expenses by Percentage

OPERATING EXPENSES FISCAL YEAR 2023



Current Airport Debt

- Airport outstanding Bond Debt is \$1.0 Billion
- Bonds come with specific financial requirements for cash on hand
- FY24 bond service payment was nearly \$70 million
- Payments come from:
 - PFCs (passenger facility charge)
 - CFCs (CONRAC facility charge – rental car building)
 - Airport
 - Airlines
- Bonds payments go to 2047

Mission and Vision

Mission:

To Connect, Serve, and Inspire

Vision:

To transform how Silicon Valley travels

Questions

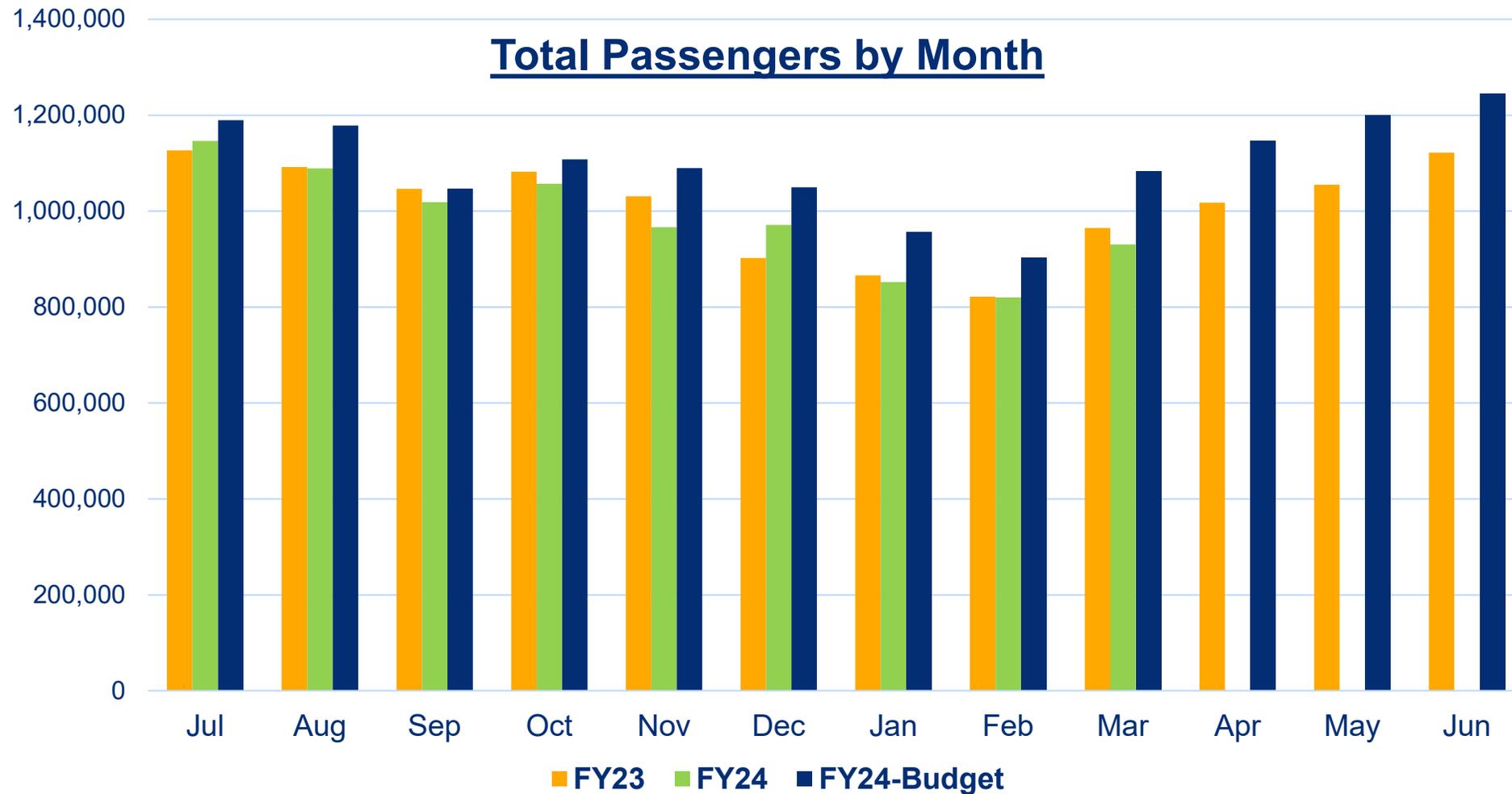




Rates and Charges

Drake Beaton, Division Manager

FY24 March YTD Passenger Trends



March YTD was 0.9% below FY23

FY24 is estimated to close with 12M passengers, 9% below budget

FY25 vs FY24 Operating Expense Variances

(\$ millions)

FY24 Operating Expense Budget	\$127.6
Salaries & Benefits	\$2.6 ~ <i>contractual increases for employees</i>
Utilities, Insurance and Vehicles	\$2.2 ~ <i>PG&E rates up 15%; higher insurance</i>
City Overhead	\$1.9
Contractual Services	\$1.5 ~ <i>curbside & security up 17%; custodial wage increase</i>
Police / Fire	\$0.4
ARFF Foam replacement	\$0.3
TSA Employee Screening Mandate	\$0.2
Airfield Maintenance	\$0.2
Airport Positions	(\$0.1) ~ <i>added three positions & eliminated three vacant positions</i>
Other Costs	(\$0.2)

FY25 Operating Expense Budget	\$136.4
	7%

FY25 Airline Rates & Charges

	Landing Fee	Terminal Rate	CPE
FY24 Budget	\$3.98	\$262	\$14.80
FY25 Budget	\$5.13	\$287	\$17.93
<i>year-over-year</i>	29%	9%	21%
SFO FY25 Rates	\$6.48	\$246	\$24.67
OAK FY25 Rates	\$4.90	\$337	\$15.76
<i>year-over-year</i>	30%	14%	26%



2024 RETAIL RFP

May 13, 2024

Why go out for a Retail RFP?

- Length of Term: 16 and 18 years
 - Increase competition
 - Right-size program
 - Concept mix
 - Provide new opportunities for local businesses
 - New design standards
- 

GOALS AND OBJECTIVES

VARIETY: A diverse selection of products catering to different needs and budgets

LOCAL: Incorporating San José and California-themed merchandise and services and grab and go from Santa Clara County

TECHNOLOGY: Utilizing the latest technology to enhance the shopping experience

FINANCIAL: Allow for a strong financial return by optimizing retail revenue generation



CONCEPT CATEGORIES



**TRAVEL
ESSENTIALS**



CAFÉ



SPECIALTY



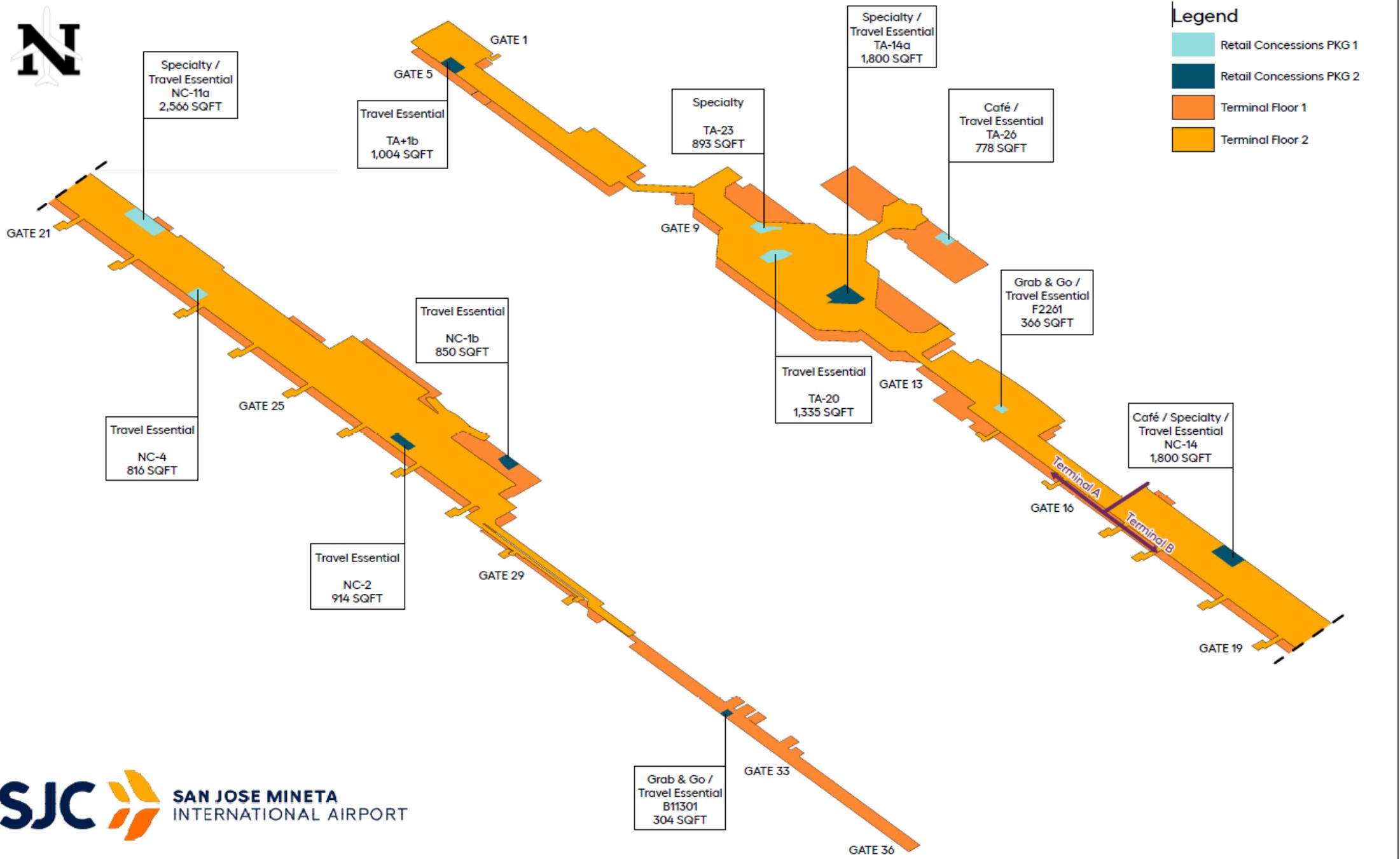
Retail Concessions Package 1

Terminal	Gate	Sq. Ft.	Concept Category	Turnover Date
A	9	1,335	Travel Essentials	7/1/2026
A	9	893	Specialty	7/1/2025
A-FIS area	14	366	Travel Essentials	7/1/2025
B	21	2,566	Travel Essentials/ Specialty	7/1/2026
B	23	816	Travel Essentials	7/1/2026
A	Pre-Security	778	Café/Travel Essentials	7/1/2025
Total Sq.Ft.		6,754		



Retail Concessions Package 2

Terminal	Gate	Sq. Ft.	Concept Category	Turnover Date
A	12	1,938	Travel Essentials/Specialty/ Café (optional)	7/1/2025
A	6	1,004	Travel Essentials	7/1/2025
B	19	1,768	Travel Essentials/Specialty	7/1/2025
B	26	914	Travel Essentials	7/1/2025
B	32	304	Travel Essentials	7/1/2026
B	Pre-Security	850	Travel Essentials	7/1/2026
Total Sq.Ft.		6,778		



Minimum Qualifications

- ❑ Five consecutive years of experience at airports in all of the following areas:
 - ❑ Design & Development
 - ❑ Construction
 - ❑ Financing
 - ❑ Management of retail and/or food and beverage facilities in a multi-unit concession program

- ❑ Annual airport gross sales of \$5 million per year over 5 consecutive years

Key Terms of Agreement

Term

- 12 Years starting July 01, 2025
- Phased Turnover July 01, 2025, and July 01, 2026
- First Right of Refusal

Capital Expenditure: \$800 per square foot

- Mid-Term Refurbishment

ACDBE GOAL: 10.14% (*DOT 49 CFR PART 23- RACE-NEUTRAL*)

Financial Terms

Minimum Annual Guarantee

MAG begins
July 01, 2027

Percentage Rent (Biddable)

Percentage
Rent Only
July 01-2025
June 30, 2027

Street Pricing

Street Pricing
+ 12%
Market Basket
Methodology

Concession Marketing and Customer Service

.25% of
Gross
Revenue

Percentage Rent (Biddable)



CATEGORY	PERCENTAGE OF GROSS SALES
Biddable Percentage	Minimum 16% Maximum 20%

LOCALLY MADE	PERCENTAGE OF GROSS SALES
Pre-Packaged and Grab & Go locally sourced from vendors in Santa Clara County	3% discount on % bid
Specialty Retail and Travel Essentials Locally Made Products in 13 counties	3% discount on % bid

“Locally made” is defined as items grown, or manufactured completely from items produced, in the 13-county San Jose-San Francisco-Oakland Combined Statistical Area, Santa Clara, Alameda, Contra Costa, Marin, Napa, San Mateo, Solano, Sonoma, San Francisco, Santa Cruz, San Benito and Monterey counties.

TENTATIVE TIMELINE

Outreach Dates:
May 22, 2024
6:00 pm
May 23, 2024
9:00 am

**RFP Release
Date:**
August 15, 2024

**Pre-Proposal
Conference and
Site Tour:**
September 12,
2024

**Submittal
Deadline:**
November 13,
2024

**Council for
Award:**
Early 2025

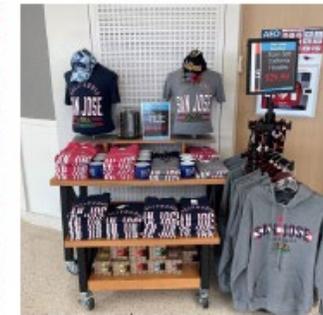
Turnover Dates:
July 1, 2025
and
July 1, 2026

Outreach Efforts

- Meet with Airport Retail Operators
- Outreach at Conferences: AXC, ACI, AMAC, FAB
- Connect with businesses throughout Santa Clara County
- Social Media including Facebook, LinkedIn
- Posted on SJC and AMAC websites
- Council Districts, Business and Minority Associations, Chamber of Commerce

EXPAND YOUR RETAIL CONNECTIONS

Attention small and local businesses! Join us for a FREE in-person and virtual event to connect with experienced airport concessionaires and learn about upcoming retail opportunities at San José Mineta International Airport.



Wednesday, May 22, 2024, 6 p.m. – 8 p.m.

Thursday, May 23, 2024, 9 a.m. – 11 a.m.

McDonnell Douglas Room

1701 Airport Blvd. Ste. B-1130, San José, CA 95110

**Zoom option
also available!**

Learn more and register: flysanjose.com/retailatsjc

Purpose of ACDBE Program



ACDBE program was created to minimize concerns related to minority discrimination in the award and administration of concession opportunities at airports:

- Create a level playing field
- Help remove barriers to entry into Airports
- Adherence to ACDBE program regulations is required to remain eligible to receive federal grants for airport development from the FAA's Airport Improvement Program (AIP).
- ACDBE GOAL: 10.14% (*DOT 49 CFR PART 23- RACE-NEUTRAL*)



Thank You – Any questions?

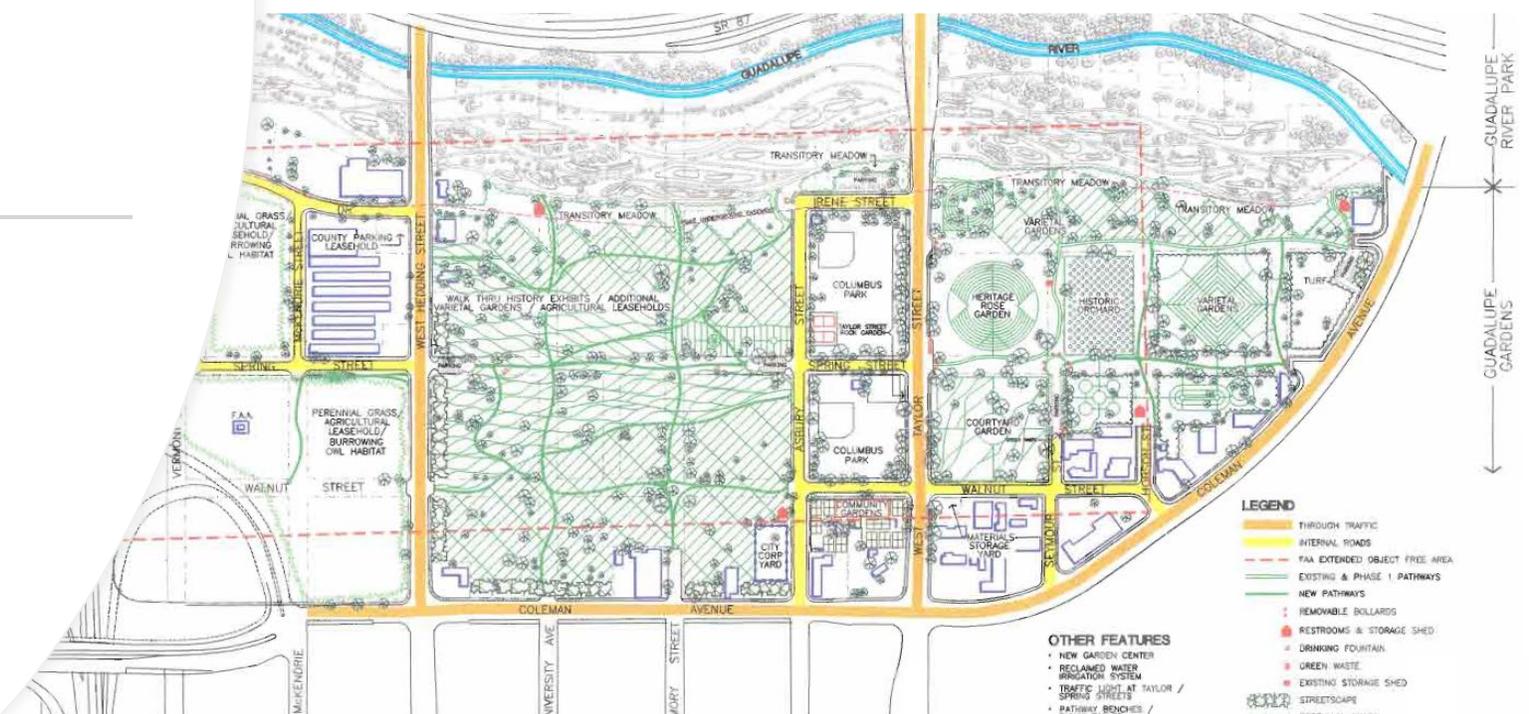


Guadalupe Gardens Master Plan Amendment - Coleman and Hedding Commercial Development Project

Airport Commission Meeting – 05/13/2024

Ryan Sheelen, Planner IV, Planning & Development

History of 2002 Guadalupe Gardens Master Plan



Guadalupe Gardens Technical Committee

- Administrative oversight and implementation of Master Plan
- Comprised of:
 - Airport (co-chair)
 - PRNS (co-chair)
 - Guadalupe River Park Conservancy
 - DOT
 - Public Works
 - ESD (as needed)
- Meet quarterly to discuss proposed projects and ongoing compatibility with Master Plan

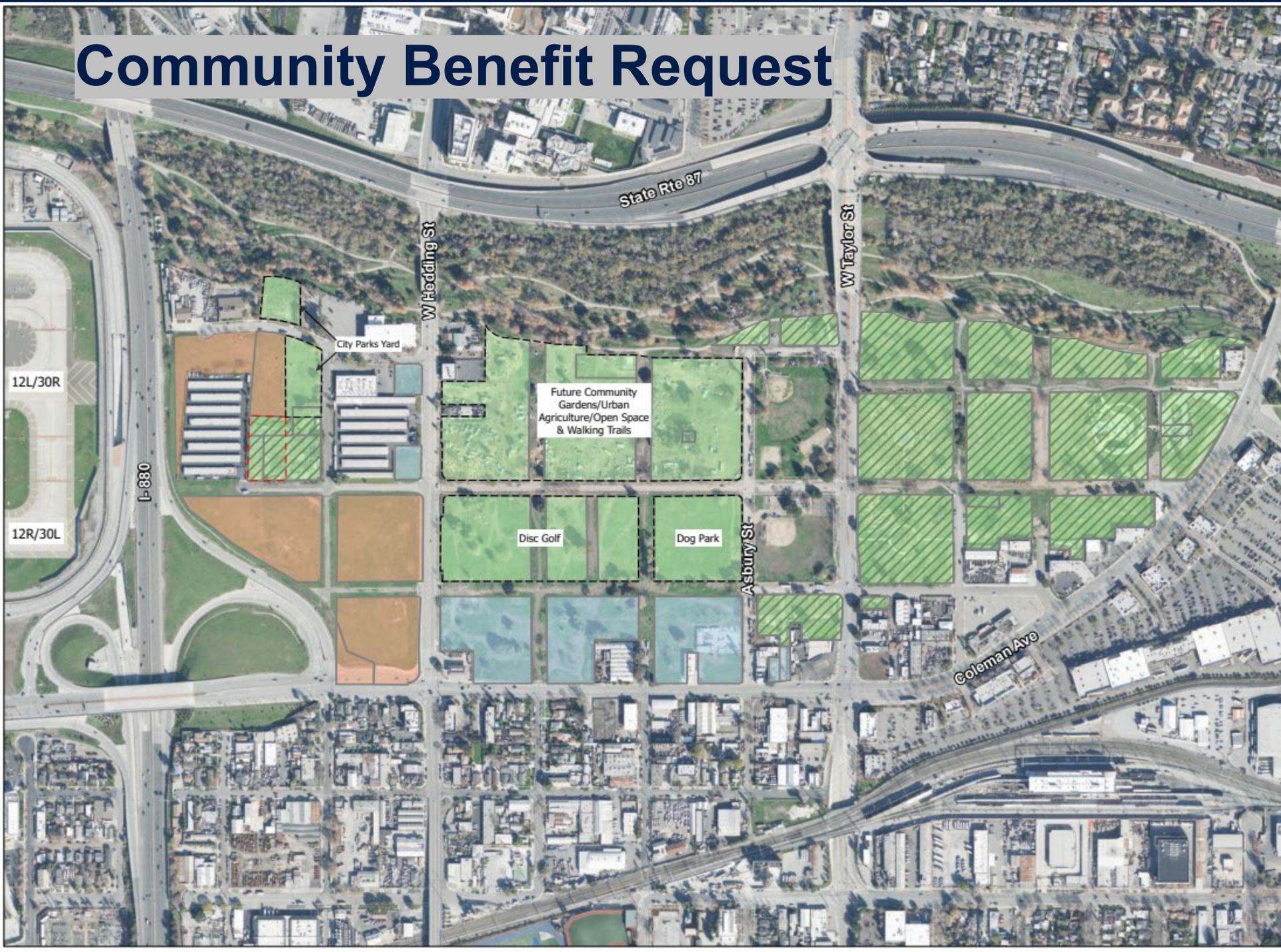


COVID-19 and FAA Corrective Action Plan

- Starting 2020 - large scale unhoused encampments in "North 40"
 - FAA issued Corrective Action Letter
- City responded with Corrective Action Plan to vacate encampments (Phased Plan)
- City discussions with FAA included ‘activation’ of property to prevent future encampments
 - “Balanced approach” included Coleman frontage for commercial development and additional passive recreational uses
- Success of activation dependent upon **SJE** community benefit



Community Benefit Request



Legend

- Community Benefit- Existing
- Community Benefit- Future
- Commercial Development
- Future Airport Development Area
- Reserved for Airport Utility Right of Way

Notes:
 Existing Community Benefits include:
 Heritage Rose Garden
 Historic Orchard
 Community Gardens
 Rotary Playgarden
 Courtyard Garden
 Walking Trails/Native Grasses



0 150 300 600
 Feet

**SJC Community Benefit
 Master Exhibit**

San Jose International Airport

Date: 1/20/2023



Exhibit:
 1

Community Benefit Approved: FAA Conditions

Community Benefit granted - September 2023

FAA Conditions for Community Benefit Approval:

1. Commercially develop a strip of property along Coleman Avenue and Hedding Street for revenue generating purposes
2. Maintain the property as noise sensitive land
3. Activate the land to prevent future incompatible land uses
4. Establish a parking time limit on Asbury Street to maintain land use compatibility
5. Continue to comply with FAA grand-in-aid assurances, policies, and orders



Master Plan Implementation - Latest Projects

- Rotary Playgarden Phase 2
 - Expanded by an additional 1 acre
 - Opened to public in June 2023

- Prototype Dog Park
 - Largest Dog Park in San Jose
 - Opened to public in March 2024



Coleman and Hedding Commercial Development & Guadalupe Gardens Master Plan Amendment

- 4 Airport-owned sites in the Guadalupe Gardens
- City General Plan Amendment and Rezoning (Combined Industrial Commercial and Planned Development Zoning)
- Guadalupe Gardens Master Plan Amendment to remove commercial development parcels
- CEQA Environmental Impact Report (EIR)
- **Purpose:** To generate an additional Airport revenue stream & allow FAA-designated community benefit projects to move forward in Guadalupe Gardens



Site Restrictions & Proposed Uses

Potential Land Uses		
Animal boarding	Dry cleaner	Outdoor dining, incidental to a public eating establishment
Animal grooming	Financial institution	Outdoor vending - fresh fruits and vegetables
Any use without a permanent fully enclosed building on-site	Health club, gymnasium	Personal services
Auto dealer, wholesale, no on-site storage	Instructional art studios	Public eating establishments
Business support use	Laundromat	Recreation, commercial/outdoor
Car wash, detailing	Miniwarehouse/ministorage	Retail art studio
Caterer	Neighborhood agriculture	Retail bakery
Certified farmers' market - small	Nursery, plant	Retail sales, goods, and merchandise
Commercial kitchen	Office, general business	Veterinary clinic
Drive-through in conjunction with any use	Off-street parking establishment	Winery, brewery, and distillery

Coleman and Hedding Commercial Development: Project Timeline

- May 13th – Airport Commission Meeting
- May 20th – Guadalupe River Park Conservancy Board of Directors
- June 6th – Parks & Recreation Commission
- August 2024 – Santa Clara County Airport Land Use Commission
- Fall/Winter 2024 – City Planning Commission & City Council



Questions?

VII.D. Legislative Update



TO: AIRPORT COMMISSION

FROM: Matthew Kazmierczak
Division Manager

SUBJECT: Legislative Update

DATE: May 1, 2024

FEDERAL

Fiscal Year 2024 Federal Appropriation

After six-months of continuing resolutions the Congress finally passed all the appropriation spending bills for the remainder of the Federal Fiscal Year, which ends on September 30. The U.S. Department of Transportation portion of the bill includes \$3.35 billion for the Airport Improvement Program (AIP).

FAA Reauthorization Highlights for SJC

Items of Key Interest for SJC:

- \$4 billion for AIP (up from \$3.35 billion)
- \$200 million in discretionary grants for resilience and runway safety
- \$350 million for PFAS mitigation/replacement
- PFC turnback reduced to 60% from 75%

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Meeting Schedule and Agenda Items

- Next meeting:
 - August 12, 2024
- Tentative Topics from the Workplan
 - Airport Capital Update
 - Billboards RFP
 - Legislative Update
 - Quarterly Noise Report Noise
 - Community Noise Concerns

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