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C O U N T Y O F S A N M A T E O

Inter-Departmental Correspondence

Date: March 22, 2001

Board Meeting Date: April 3, 2001

To: Honorable Board of Supervisors

From: Neil R. Cullen, Director of Public Works

Subject: Storage Policy and Fee Schedule for Non-Airworthy Aircraft at San Mateo County Airports

RECOMMENDATION

Adopt a resolution:

- 1) adopting "Policies for the Storage of Airworthy, Non-Airworthy and Aircraft under Construction - San Carlos and Half Moon Bay Airports - April 2001";
- 2) authorizing the Director of Public Works to revise the permit applications and forms to reflect the revised policies as approved by your Board, and implementing said changes beginning July 1, 2001;
- 3) revising the Aircraft Storage Permit fees charged at County Airports to reflect the policies as approved by your Board regarding the hanging of airworthy, non-airworthy and aircraft under construction at County Airports.

Previous Board Action

1. Adopted Resolution No. 27848 on June 16, 1970, that established aircraft storage permit regulations and procedures for County airports.
2. Adopted the current fee schedule for aircraft storage in October 2000.
3. Considered our report on the use of hangars for storing non-airworthy aircraft and directed staff to develop revisions in the aircraft storage policies to allow for the hanging of non-airworthy aircraft and aircraft under construction at the Airports, and a fee structure that provides for a differential for airworthy aircraft hangared at the Airports.

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Key Facts

1. We have developed the revisions in the hangar policies and the fee structure as directed by your Board.
2. We believe that the policy and differential rate schedule comply with airport grant assurances and the Federal Aviation Administration's regulations.
3. We will return with additional recommendations on revising the conditions for renting hangars after reviewing proposed changes with the pilots' associations as we continue to receive complaints that the current procedures allow hangars to be sublet in effect, thus lengthening the time before a hangar is available to someone on the hangar waiting list.

Discussion

Policies

The proposed policies follow the direction given by your Board at your October 2000 meeting and provide the following:

Standard or "T" hangars at Half Moon Bay and San Carlos Airports may be used for storing airworthy or non-airworthy aircraft.

Port-a-Port hangars at Half Moon Bay Airport may be used by an individual for aircraft construction as well as for hangaring airworthy and non-airworthy aircraft.

Secondary aircraft under construction are not precluded from either a standard or "T" hangar at either airport as long as the primary aircraft on the hangar lease meets the requirements for airworthy or non-airworthy aircraft and the primary aircraft is stored in the hangar.

Only individuals may become hangar permittees.

The airworthy status of aircraft will be determined at the time an individual qualifies for a hangar, or, in the case of existing hangar permits, airworthiness will be determined annually and will be linked to the annual insurance anniversary date for the aircraft on the permit.

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Minimum insurance requirements are established for each class of aircraft, airworthy, non-airworthy and aircraft under construction, and a hangar permit shall be terminated if the minimum insurance requirements are not met

Hangar permits shall be terminated where hangar fees become over sixty days delinquent, whether in dispute or not, and the hangar tenant shall have no right to have their hangar reinstated based on bringing their fees current

Rates

The hangar rates are proposed to be doubled for all hangars at both Airports with a credit equal to ½ of the hangar fee given to those tenants that provide proof that their hangared aircraft is airworthy. The doubling of the fee is to be phased in beginning either at the initial date of the hangar permit or in the case of existing permits, on the anniversary date of the insurance for the aircraft in a hangar beginning on July 1, 2001. We are proposing the July 1st date in order to give ample notice to tenants and for staff to develop the reporting and tracking systems.

The doubling of the hangar fees brings the cost of the hangars in line to that of storage rates in the vicinity of the airport and provides an incentive to bring the aircraft into an airworthy state and minimizes the possibility of numerous hangars being used to store non-flying aircraft. Additionally, much of the initial construction of an aircraft can also be done off the airport.

Fiscal Impact

The amount of revenue that the Airport Fund would realize for the hangaring of non-airworthy aircraft would depend upon the number of aircraft hangared. We do not have an estimate at this time.

There is no impact to the General Fund and a form of resolution has been approved by County Counsel.

A copy of this report has been sent to the San Carlos and Half Moon Bay Pilots Associations and we had previously sent the original proposals to them when your Board considered our recommendations in October 2000. Both the San Carlos and Half Moon Bay Pilots Associations

Honorable Board of Supervisors

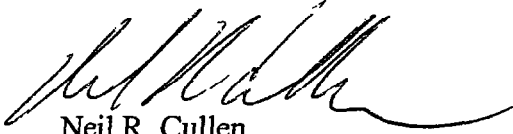
**Subject: Storage Policy and Fee Schedule for Non-Airworthy Aircraft at San Mateo
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expressed their opposition to the proposed rate differential and would prefer to leave the existing policy restricting the use of hangars to airworthy aircraft in place. However, your Board directed us to proceed with developing changes in the policies and rate schedule as described in this report. We will report to your Board on any input we receive from these Associations.



Neil R. Cullen
Director of Public Works

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Enclosures: Fee Schedule and Policies for Hangaring Non-Airworthy and Aircraft Under
Construction

cc: San Carlos Pilots Association
Half Moon Bay Pilots Association
Fixed Based Operators
Mr. Dennis Douglas
Milt Mares, County Counsel
Brian C. Lee, P.E., Division Manager, Programs and Engineering Services
Mark Larson, Acting Airport Manager

Revised Hangar Storage Fee Schedule Effective July 1, 2001

2001-02 AIRPORT FEES FEES CALCULATED PER MONTH	SQ.FT.	BASE FEE*	SECURITY FEE*	TOTAL FEE*	PROPOSED TOTAL FEE	DISCOUNTED FEE FOR AIRWORTHY AIRCRAFT**
HANGARS						
SAN CARLOS						
Standard Hgrs "C" -"G"	909	\$291	15	306	597	306
Small "A" & "M" Hangars	1108	\$432	15	447	879	447
Large "A" & "M" Hangars	1412	\$508	15	523	1,032	523
Lg Standard Hgrs G-9, 10	1576	\$504	15	519	1,024	519
Power Door Hgrs T-7,8,9	1615	\$775	15	790	1,565	790
Executive Hgrs T1-T6	1710	\$650	15	665	1,315	665
HALF MOON BAY						
Standard Hangar	1008	\$373		373	746	373
Port/Port Hangar	780	\$234		234	468	234
Port/Port Executive	1210	\$339		339	678	339

* Base and Security fees adjusted pursuant to Board of Supervisors Resolution No. 63977 adopted October 3, 2000.

** Tenants will receive a discount equal to 1/2 of the total hangar fee if they provide proof that their hangared aircraft is airworthy or during the first 12-month period that an aircraft under construction is stored in a Port a-Port hangar at Half Moon Bay Airport.

EXHIBIT "A"

POLICIES FOR THE STORAGE OF AIRWORTHY, NON-AIRWORTHY AND AIRCRAFT UNDER CONSTRUCTION SAN CARLOS AND HALF MOON BAY AIRPORTS

April 2001

Standard Hangars (Nested or T Hangars)

Standard Hangars are to be used for the storing of airworthy or non-airworthy aircraft.

Only individuals may become hangar permittees. Existing hangar permits held by an entity other than an individual(s) shall continue until terminated or until other changes in policies affecting hangar permits held by entities other than individual(s) are adopted by this Board. Permittees are required to show proof that they own the aircraft that will be stored in the hangar.

Hangar Rates

Airworthy Aircraft

Standard Hangars shall be rented to aircraft owners at a rate set and adjusted by the Board of Supervisors. An aircraft shall be deemed as airworthy at the time of the initial hangar rental and at a specific time once a year thereafter, where the owner provides the Airport staff with the following:

- 1) The registration number of the aircraft to be hangared and proof of ownership. Proof of ownership requires that hangar permittees name be shown as owner on the registration.
- 2) Proof that the aircraft has been inspected and meets the FAA's airworthiness criteria.
- 3) Proof of insurance meeting all County insurance requirements- Aircraft liability coverage in the minimum amount of \$1,000,000 Combined Single Limit Bodily Injury and Property Damage with a minimum sub-limit of \$100,000 each person. Policy shall include coverage for both Ground and Flight, include all passengers, list the Tenant as Named Insured, list the County as Additional Insured and include a 30-day advance notice of cancellation.

Hangar tenants that meet the criteria of hangaring an airworthy aircraft shall be entitled to a reduction in the rent charged to hangar said aircraft equal to ½ of the doubled rate in affect that is charged for the type or size of hangar rented. However, if said information as described above is not provided by the tenant to the Airport Manager by the date determined by the Airport Manager, the aircraft shall be deemed as non- airworthy and the tenant shall not be entitled to a rebate or reduction in rent for those months when the information was not provided.

Non-Airworthy Aircraft

Standard Hangars shall be rented to aircraft owners at a rate set and adjusted by the Board of Supervisors. An aircraft that does not meet the criteria for air-worthiness as described above shall be considered non-airworthy, and the owner shall not be entitled to a reduction in the rent charged as provided for owners of airworthy aircraft.

No reduction in rent shall be considered by the Airport Manager until such time as the hangar tenant provides the required information to determine that the aircraft is airworthy. No reduction in rent will be given for fractions of months.

The Airport Manager shall terminate a hanger rental and shall not reinstate said rental if a tenant fails to provide the necessary insurance naming the County as co-insured if the necessary proof of insurance is not provided within 30 days of the County being notified of the lack of insurance.

Port-a-Port Hangars

Port-a-Port Hangars are to be used for storing airworthy, non-airworthy or aircraft in the process of being constructed.

(See Standard Hangars). Permittees shall be required to show proof that they own the aircraft that will be stored in the hangar or that they are in possession of the major components including the engine, for the aircraft that they are in the process of building.

Hangar Rates for Port-a-Port Hangars

Airworthy Aircraft - same as **Standard Hangars** above

Non-Airworthy Aircraft - same as **Standard Hangars** above

Aircraft in the Process of Being Constructed

Owners of aircraft that are in the process of being constructed may rent an available Port-a-Port hangar for a maximum time of 12 months to store and complete construction of their aircraft. Tenants shall be entitled to a reduction in the rate charged the same as airworthy aircraft for the use of said hangar for the 12-month period. No reduction in hangar rates shall given after the 12-month period if said aircraft does not meet the criteria for an airworthy aircraft as described above.

Insurance Requirements

Airworthy Aircraft

Aircraft liability coverage in the minimum amount of \$1,000,000 Combined Single Limit Bodily Injury and Property Damage with a minimum sub-limit of \$100,000 each person. Policy shall include coverage for both Ground and Flight, include all passengers, list the Tenant as Named Insured, list the County as Additional Insured and include a 30-day advance notice of cancellation.

Non-Airworthy Aircraft

Aircraft liability coverage in the minimum amount of \$1,000,000 Combined Single Limit Bodily Injury and Property Damage with a minimum sub-limit of \$100,000 each person. Policy shall include coverage for movement of aircraft on the Ground, list the Tenant as Named Insured, list the County as Additional Insured and include a 30-day advance notice of cancellation. Flight insurance required before aircraft considered as airworthy and rent adjusted for airworthy aircraft

Aircraft in the Process of Being Constructed

Aircraft liability coverage in the minimum amount of \$1,000,000 Combined Single Limit Bodily Injury and Property Damage with a minimum sub-limit of \$100,000 each person. Policy shall include coverage for movement of aircraft on the Ground, list the Tenant as Named Insured, list the County as Additional Insured and include a 30-day advance notice of cancellation.

Termination of Hangar Permits for non-payment of fees

The Airport Manager shall terminate any hangar permit where hangar fees become over sixty days delinquent, whether in dispute or not, and the hangar tenant shall have no right to have their hangar reinstated to them.

Disputes involving hangar rentals or rebates or reductions may be appealed to the Director of Public Works and the Director shall make determination of the validity of the dispute based on material evidence including date stamped receipts of when payments were received or when information relating to the airworthiness of an aircraft was received by the Airport Manager or his/her staff. Lack of date stamped evidence shall constitute a non rebuttable presumption that the tenant had not complied with the provisions of these polices in providing information regarding his/her hangar permit payments.

The Airport Manager shall terminate a hanger permit and shall not reinstate said permit if a tenant fails to provide the necessary insurance naming the County as co-insured if the necessary proof of insurance is not provided within 30 days of the County being notified of the lack of insurance.

End EXHIBIT "A"

Resolution No. _____

Board of Supervisors, County of San Mateo, State of California

* * * * *

Resolution Adopting Policies for the Storage of Airworthy, Non-Airworthy and Aircraft Under Construction at San Carlos and Half Moon Bay Airports and Revising the Schedule of Fees for Renting Hangars at the San Carlos and Half Moon Bay Airports

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, this Board directed the Director of Public Works to develop policies for this Board's consideration regarding the storage of airworthy and non-airworthy aircraft and aircraft under construction at San Carlos and Half Moon Bay Airports (Airports); and

WHEREAS, this Board also directed the Director of Public Works to consider a differential in fees for the hangaring of airworthy and non-airworthy aircraft and aircraft under construction at the Airports; and

WHEREAS, the Director of Public Works has submitted his recommendations to this Board and this Board has considered the recommendations of the Director of Public Works,

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Exhibit "A" entitled "Policies for the Storage of Airworthy, Non-Airworthy and Aircraft under Construction - San Carlos and Half Moon Bay Airports - April 2001" attached hereto and made a part hereof is hereby adopted as the policies to be followed by the Director of Public Works in developing new permit applications and forms for both the San Carlos and Half Moon Bay Airports

2. The Director of Public Works shall revise the permit applications and forms to reflect the revised policies as approved above and shall implement the policies beginning on July 1, 2001.

3. The Aircraft Storage Permit fees charged at County Airports for hangars is hereby changed as shown in Exhibit 'B' attached hereto and made a part hereof and shall be the fees charged for the renting of hangars at both San Carlos and Half Moon Bay Airports beginning July 1, 2001, with the doubling of fees to begin in July 1, 2001 for new hangar tenants and on the anniversary date of the insurance for an existing tenant's aircraft after July 1, 2001.

4. Fees and policies established by this resolution or by the mechanisms as described in this resolution shall remain in full force and affect until changed or modified by an action of the Board of Supervisors or as provided in previous actions by this Board with regards to incremental increases in fees through July 1, 2002.

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Revised Hangar Storage Fee Schedule Effective July 1, 2001

2001-02 AIRPORT FEES FEES CALCULATED PER MONTH	SQ.FT.	BASE FEE*	SECURITY FEE*	TOTAL FEE*	PROPOSED TOTAL FEE	DISCOUNTED FEE FOR AIRWORTHY AIRCRAFT**
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End EXHIBIT "A"