



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken

SUBJECT: SEE BELOW

DATE: September 30, 2019

Approved

Date

10-9-19

SUBJECT: AMEND AIRPORT RATE RESOLUTION NO. 77561 TO UPDATE AIRPORT RATE PROCEDURES AND METHODOLOGIES, ADOPT ORDINANCES FOR SECURITY BADGING, AND TO UPDATE THE AIRPORT NOISE CONTROL PROGRAM DELIVERY OF NOTICES

RECOMMENDATION

- (a) Adopt a resolution updating authorized Airport fees and charges and repealing Resolution No. 77561.
- (b) Approve an ordinance of the City of San Jose to add new sections and amending various existing sections of Part 3 of Chapter 25.01 and creating a new Chapter 25.09 of Title 25 of the San Jose Municipal Code to establish Secured Identification Display Area Badge procedures at the Norman Y. Mineta San Jose International Airport.
- (c) Approve an ordinance of the City of San Jose amending Section 25.03.510 of Title 25 (Airport) of the San José Municipal Code to provide for sending notices electronically.

OUTCOME

The proposed rate resolution will modify and update authorized Airport fees and charges to provide cost recovery or establish market rates for appropriate Airport programs and services. The ordinances will codify the security badging processes, including procedures required by the Transportation Security Administration, for persons working at the Airport, as well as allow for electronic delivery of notices related to the Airport Noise Control Program.

BACKGROUND

Airport modernization, a sizzling Silicon Valley economy, and new development in the region have resulted in an increase in commercial and general aviation traffic. The updates to the consolidated Airport Rate Resolution No. 77561 ("Resolution") will allow cost recovery of

services and market rate collection of revenue associated with increased use of Airport terminals, roadways, and airfield.

Periodically, the Airport reviews the Resolution to determine the inclusion of new service fees and or charges, address changed business practices and costs, review market rates, or clarify fee methodologies. The last revision to the Airport Rate Resolution was approved by Council on October 20, 2015. The recommended revisions to the Resolution also set fees for new and changing services, and changes in market rates and costs, as well as technical corrections to language and cost recovery methodologies.

The Airport's security access badging program, including multiple requirements by the federal Transportation Security Administration, is not fully codified within the Municipal Code and updates are needed for better management and enforcement of the badging and access processes.

The Airport Noise Control Program, enforcing the Airport Curfew restrictions, currently only allows for notifications via personal delivery or through the United States Mail. To better meet the time requirements and to enhance communications there is a need to amend the Municipal Code to include electronic transmissions of the notices.

ANALYSIS

The Airport recommends revisions to existing definitions and fees contained in the Airport Rate Resolution. The proposed changes are included in the red-lined version of the current Resolution. The changes to the Resolution includes updates for the following: 1) increase fee ranges in line with increased costs and market rates; 2) simplify the parking rates for consistency with changes to the physical lots and to prepare for future online booking system; 3) update definitions and calculations to be consistent with other Council-approved documents; 4) establish rate provisions for new businesses and for fees that weren't previously implemented.

The Airport recommends the approval of the Ordinance to Title 25 to establish procedures for the issuance of permits for the Security Identification Display Area and other areas at the Airport. The Airport has previously relied upon the procedures in Title 1 for permit issuance and revocation. The proposed ordinance will create a specific set of procedures for the issuance and revocation of badges at the Airport. These procedures incorporate the relevant federal requirements and allows for the processes for suspension or revocation of security badges and appeals by affected badge holders. Security issued badges are required for access to all secured areas of the Airport and require fingerprint-based background checks prior to issuance.

The current methods of providing notice for the Airport Noise Control Program is only by US Mail or personal delivery. As several portions of the program have time requirements and the more effective method for information distribution is electronic, the proposed ordinance will allow for the use of electronic distribution, including through email.

EVALUATION AND FOLLOW-UP

Airport staff will monitor and manage the items in the Airport Rate Resolution to ensure changes in market rates, costs and changed business practices are incorporated to allow cost recovery of services and market rate collection of revenue associated with increased use of Airport terminals, roadways, and airfield. No follow-up is needed for the Municipal Code changes.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the October 22, 2019, City Council agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

The Airport's approach to the Resolution updates were presented to the Airport Commission on August 12, 2019. No action was taken.

FISCAL/POLICY ALIGNMENT

These recommendations provide the Airport with the opportunity to establish and revise fees, rates and charges that attain cost recovery and bring fees in line with the current market.

COST SUMMARY/IMPLICATIONS

The identification of services that are not currently cost-recovery or current market value has been undertaken and the rates identified in this memo are set at levels to support achievement of 100% cost-recovery or establish rates at current market value as appropriate for the specific program. Council adoption of the new rates will allow the Airport to incorporate additional fee revenue into the Airport Revenue Fund to offset program costs.

HONORABLE MAYOR AND CITY COUNCIL

Subject: Amend Airport Rate Resolution and Ordinance Amendments to Title 25.

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CEQA

Statutorily Exempt, File No. PP17-005, Rates/Tolls/Fares/Charges; and File No. PP17-008:
General Procedure & Policy Making resulting in no changes to the physical environment.

/s/

JOHN AITKEN, A.A.E.

Director of Aviation

For questions, please contact John Aitken, Director of Aviation at (408) 392-3610.