AGENDA ITEM TRANSMITTAL

PROCESSED

CLERK USE ONLY

49

CONSENT [X] YES [ ] NO

AGENCY/DEPT. CAO REVIEW

[X] Concur [ ] Do Not Concur [ ] Exempt

TO: **BOARD OF SUPERVISORS COUNTY OF ORANGE**

FROM: John Wayne Airport

CONTACT FOR INFORMATION

Tom Beckett (NAME) 755-6551 (PHONE)

MEETING DATE	SUBJECT	SUPV. DIST.
12/08/87	John Wayne Airport Rents, Fees, and Charges	5

SUMMARY OF REQUEST (Description for agenda)

Airport Manager requests approval of certain rents, fees, and charges as an element of revenue requirements in compliance with the Bond Indenture securing JWA Airport Revenue Bonds and the JWA Revenue Planning Policy.

ADDITIONAL DATA:

See pages 2 through 7.

PREVIOUS RELEVANT BOARD ACTIONS ON THIS SPECIFIC ITEM:

Board of Supervisors Resolution 82-1539, 84-1765, 87-825

FUNDING SOURCE(S)	CURRENT YEAR COST	ANNUAL COST	BUDGETED? [ ] YES [ ] NO
N/A	N/A	N/A	

WILL PROPOSAL REQUIRE ADDITIONAL PERSONNEL?

[X] NO IF YES, STATE NUMBER ____ PERMANENT ____ LIMITED TERM

CONSISTENT WITH BOARD POLICY?

[X] YES [ ] NEW ITEM OR EXCEPTION

RECOMMENDED ACTION

Adopt the attached resolution which adjusts John Wayne Airport tiedown and T-Hangar fees, adjusts charges on overdue tiedown and T-Hangar fees, adjusts and establishes automobile parking fees, and establishes a security badge fee.

CONCURRENCES (If applicable)	ATTACHMENTS
Airport Commission, Revenue Committee, GSA/Real Estate Division, County Counsel	Proposed Resolution

11/30/87
DATE

George A. Rebella
AGENCY OR DEPARTMENT AUTHORIZED REPRESENTATIVE

BACKGROUND

Board Resolutions 82-1539 and 87-825 established the John Wayne Airport Revenue Planning Policy, consistent with "full cost recovery". It is stated that the Airport shall be operated as a prudent and self-sustaining business enterprise, and include sufficient revenues to accommodate airport cost components, including: Current Expenses, reserves, debt service and capital related expenses, consistent with general County policies and objectives with respect to operation of the Airport. Resolution 87-825 contemplates that a series of rents, fees and charges related to John Wayne Airport (JWA) activities will be increased consistent with financial studies and Bond requirements. Commercial airline rates and charges were adjusted effective July 1, 1987.

General Aviation

General Aviation related fees were also identified in the Board Resolutions and in the financial analysis of the bond financing to be considered for adjustment. Two of the major components of the General Aviation fees are Aircraft Tiedown Fees and Hangar Fees. Anticipated revenues from these sources for 1987/88 are as follows:

Tiedown Fees - $421,700
Hangar Fees - $ 12,000

At the present time these fees are based on Board of Supervisors Resolution No. 84-1765 which was adopted on December 11, 1984. The present rates by type of space are as follows:

Type of Space	Number of Spaces	Rate/Month
37'	237	$54.00
40'	226	58.00
45'	17	66.00
50'	8	70.00
T-Hangar	13	80.00

In October of this year, as part of the Master Plan Improvement Project, tiedown spaces were relocated to the west side of the airfield. Simultaneously, the 37' and 40' spaces were consolidated into 40' spaces to allow greater flexibility and eliminate problems developing as a consequence of the restricted space sizes. The total number of tiedown spaces will be slightly smaller, about 40 spaces. This reduction has been accomplished through attrition. During the construction period the total number of tiedown spaces will be variable.

The tiedown spaces at JWA are considered to be among the more desirable spaces in the area for a number of reasons. The location is convenient for a large number of people, maintenance areas are provided for owner maintenance, wash and wax areas are provided, multiple Fixed Base Operators (FBOs) are available for maintenance and fuel, Crash/Fire/Rescue services are available, and security for the tiedown area is also provided.

In order to follow the policy direction of maximizing revenue, two basic approaches are used to address the question of developing rates and charges. One approach to developing rates is to consider the cost of providing the service. The other approach is market comparisons. If similar locations and situations can be found where market forces have set rates, the market driven rates should be considered for implementation at JWA. Rates should be developed on the basis of either market or cost recovery, whichever is higher.

First, we performed a cost recovery analysis. Previous action your Board has taken in establishing airfield and terminal related charges has been based on the methodologies and formulas developed within the JWA Revenue Planning Policy. The calculation of the charges has been accomplished by using a financial model developed by the Airport Consultant, Aviation Planning Associates, Inc. ("AvPlan"). The model develops cost centers, allocates direct and indirect charges to those cost centers, offsets those costs by any applicable revenue to the cost center, and results in a net cost recovery requirement amount needed for the cost center. In the case of the General Aviation Cost Center, the net cost recovery requirement is allocated over the tiedown spaces after taking into consideration all other General Aviation revenue sources. The following rates result from the cost recovery analysis:

Type of Space	Amount/Month
40'	$100.94
45'	114.86
50'	121.82
T-Hangars	139.23

Thus, it is apparent that the present rates are not consistent with a cost recovery approach and need to be increased.

Next, to determine appropriate tiedown fees, we conducted a market survey. Other airports were used for comparison purposes having similar physical characteristics to JWA and also having the same kinds of amenities as mentioned earlier. We found that present JWA tiedown fees are at the low end of the scale compared to others in the area. The following fees, based on a March 1987 survey and additional follow-up by JWA staff, are shown for comparison purposes.

	Size	Amount/Month
JWA:		
	40'	$58.00
	45'	66.00
	50'	70.00
Van Nuys:		
	All	130.00
Santa Monica:		
	40'	64.00-85.00
	45'	110.00
	50'	135.00
Burbank:		
	Single-Engine	80.00
	Multi-Engine	120.00
Long Beach:		
	Single-Engine	150.00
	Multi-Engine	150.00-185.00

Palomar:	Single-Engine	70.00
	Multi-Engine	93.00
San Jose:	Single-Engine	57.35
	Multi-Engine	65.60-88.00

The airports thought to be most comparable to JWA are Van Nuys, Santa Monica, Burbank, and Long Beach. Palomar and San Jose are shown to give a broader geographical spread. Thus, it appears that tiedown fees in the low one hundred dollars per month range would be reasonable.

In addition to comparing other tiedown rates to those at JWA, a 1983 bid process also indicates that JWA tiedown fees are below market. In 1983 the Board of Supervisors considered the possibility of leasing out the aircraft tiedown operations. Eleven proposals were received ranging from $343,500 to $637,500. The Board of Supervisors chose to continue the tiedown operation as a County operated enterprise. However, if the County had accepted the highest bid, the equivalent yield per space would have been $103.00 per month. Applying an annual inflation multiplier of 3% to the equivalent yield per space, the 1987 yield would be $115 per month per space.

Another useful market comparison is the fees charged by Fixed Base Operators (FBOs) at JWA. Generally, fee rates range from $150.000 to $300.00 per month per tiedown. Although there may be greater conveniences and more amenities at some FBO locations, the relative fees do give an indication of how the marketplace views the value of tiedown spaces at JWA.

The same market analysis can be applied to T-Hangars. Perhaps the primary difference is that the rental rate for the hangars, $80.00 per month, is even further behind rates charged for similar facilities at neighboring airports. A sampling of rates in the area as of March, 1987 follows:

Location	Amount/Month
JWA	$ 80.00
Van Nuys	495.00
Santa Monica	195.00
Burbank	350.00
Long Beach	N/A
Palomar	225.00-375.00
San Jose	116.00

Thus, it is obvious that JWA T-Hangar rates are considerable lower than those available elsewhere in the area.

In summary, both market analysis and cost recovery analysis indicate that JWA tiedown fees are too low. Based on the market analysis, rates in the $120 to $150 range per month for tiedowns and in the $200 to $300 per month for T-Hangars would not be unreasonable. However, tiedown fees at JWA have historically been calculated on a cost recovery basis, and an increase in fees based on cost recovery would be substantial. Therefore, although representing a lower increase than market analysis would support, the Airport Manager

recommends that the cost recovery methodology be used at this time and that future adjustments consider both market analysis and cost recovery analysis. In order to reduce the impact of the fee increase to the tiedown and T-Hangar tenants, it is recommended that the new fees be implemented in two phases as follows:

Type of Space	Amount*/Month 1-1-88	Amount*/Month 6-1-88
40'	$ 80.00	$101.00
45'	90.00	115.00
50'	96.00	122.00
T-Hangar	110.00	139.00

*Amounts are rounded to the nearest whole dollar for ease of calculation and record keeping.

It is also recommended that any odd size spaces which may result from movements and relocations during the Master Plan construction project have their fees calculated on a proportional basis using the 40-foot space as a base.

Once completely phased in, the increased fees will result in increased revenues of approximately $20,300 per month over current rates.

Along with the adjustment in the tiedown fees, it is also recommended that an adjustment be made to the delinquent payment penalty. Presently, the penalty is $2 per month. The present charge does not serve the function of a penalty, i.e., either to cover the cost of delinquent collections, or to encourage timely payment. County Counsel has previously given the opinion that delinquent payment fees are not subject to usury laws and consequently the major consideration is that the delinquent fee not be unreasonable or arbitrary. Therefore, it is recommended that the delinquent payment penalty for tiedown fees be assessed at 10% of the delinquent amount balance calculated each month. This will both offset the cost of follow up on delinquent accounts and encourage timely payment.

Automobile Parking Fees

The revenue generated through the various auto parking fees at JWA represents a major part of the financial viability of the Airport. Parking revenue accounts for more than 50% of the non-airline generated revenue at JWA. Originally estimated revenues by lot for 87/88 are as follows:

Short-Term	$3,687,677
Long-Term	2,485,994
North Clear Zone	332,465
Employee	252,500
Meter	158,379

To accommodate new terminal construction, the long-term parking facility will close January 1, 1988, resulting in operating loss of $1.2 million (roughly one-half of the annual amount of revenue). This lot contains spaces for 1,500 cars with a Board established parking rate of $1 per hour and with a maximum charge of $8 per day. This rate will remain in effect until closure.

On or about December 1, 1987, JWA will open an Interim Parking Lot in an attempt to partially compensate for the loss of the long-term parking lot. The interim parking facility will contain spaces for 800 cars with a proposed parking charge of $1 per hour and a daily maximum charge of $5 per day, which is the same rate as the other remote parking.

Since automobile parking revenues are a major source of funding being utilized to meet cash flow requirements, these revenues are an integral component of the Airport Enterprise Fund and the recent Airport Bond financing. The parking revenues will be reduced substantially with the closing of the long-term lot. The opening of the interim parking facility is projected to produce revenues of $25,500 per month during FY 1987-88. Therefore, to maintain parking revenue at a level that is considered prudent and consistent with Board policy, it is recommended that the rates in the short-term parking lot be increased as follows: the hourly rate to $1.50 from $1 per hour; and the maximum daily rate to $15 from $12. This increase is projected to produce an additional $76,875 per month in revenue for FY 1987-88. The combined revenues from the interim facility and the increase in the short-term lot ($102,000/month) will offset roughly one-half of the revenue lost from the closing of the long-term lot ($207,000/month).

Another important reason for this increase is to enhance operational efficiencies. The short-term parking lot will experience parking disruptions during the Airport Improvement Project. During the construction period and the on-site roadway re-design phase, portions of the short-term lot will not be available to parking customers. The increase, in conjunction with an aggressive public awareness parking program, will influence potential parking customers to take advantage of the Airport's remote parking facilities with the free shuttle service and lower rates for parking and thus reduce pressure on the central terminal area.

Once the rates in the short-term lot are increased, the metered parking, which is the most convenient Airport parking, should also be increased to be at least equal to the hourly rate of the short-term parking lot (there is no daily maximum rate on metered parking). Therefore, it is recommended that the hourly rate in the metered parking lot be increased to $1.50 from $1. This increase is projected to result in an additional $6,600 per month.

No adjustment to the parking rate for the North Clear Zone lot (sometimes referred to as the "Main Street Lot") is recommended at this time. The rate will remain at $1.00 per hour, $5.00 maximum daily charge. This rate will cover costs and, as was mentioned above, will encourage use of the remote lot due to the lower charge.

Lastly, it is recommended that the employee parking rate be increased to $30 from $25 per month. This increase is based on prevailing rates. A survey of employee parking rates in the area surrounding JWA revealed rates as follows:

Name	Monthly Rate
Surface Lot - Civic Center Drive	$55
APCOA Structure	33
Surface Lot - Birch Street	35
Surface Lot - Tenth Street	35
OCTD Garage	35
Park Towers	45
Security Bank (surface lot)	40
First Interstate (surface lot)	40
Segerstrom Center	40/Reserved 30/Unreserved

In addition, the employee parking at JWA is very conveniently located to the workplace. There are approximately 375 employee parking spaces that will be affected by this increase in rates. This increase is projected to result in an additional $22,500 in FY 1987-88.

It is recommended that all automobile parking rates be adjusted effective January 1, 1988 (except the interim lot, with the rate being effective upon its opening).

Security Badge Fee

The Airport Security Office issues laminated security badges to all persons who may have a legitimate reason to enter any Airport security area. Persons wearing the badges are typically airline, fixed base operator, or concessionaire employees. County JWA employees also wear security badges, but would be exempt from the fee.

County Counsel has issued an opinion which concludes that it would be appropriate for the Board of Supervisors to establish a security badge fee to recover the costs of providing the badges, consistent with the Airport Revenue Policy. JWA staff has determined that the actual cost of issuing the badges is approximately $6.00 per badge. Therefore, the Airport Manager recommends that a $6.00 service charge for issuing security badges be established. The approximate annual revenue generated from this fee would be $3,000. It is recommended that the effective date of the security badge fee should be January 1, 1988.

Summary fo Proposed Revenue Adjustments

In summary, the rates and charges that are being requested are displayed as follows:

Type of Fee	From	To	Effective Date	Monthly Increase In Revenue
Tiedown and T-Hangar*				
40'	$58.00	$101.00	6-1-88	
45'	66.00	115.00	6-1-88	
50'	70.00	122.00	6-1-88	
T-Hangar	80.00	139.00	6-1-88	$20,300
Late Charge	2/mo.	10% of Bal.	1-1-88	100
Short-Term Lot	1.00/hr. 12/day max.	1.50/hr 15/day max.	1-1-88	76,875
Interim Lot		1.00/hr. 5/day max.	when opened	25,500
Metered Lot	1.00/hr. no max.	1.50/hr. no max.	1-1-88	6,600
Employee Lot	25/mo.	30/mo.	1-1-88	3,750
Security Badge		6/badge	1-1-88	250

*Two step phase in - Revenue estimate based on 6-1-88 rate.

The proposed fees and charges are to meet funding requirements pursuant to Public Resource Code Section 21080(b)(8) and Guidelines Section 15273, and are therefore exempt under the California Environmental Quality Act (CEQA). The fees and charges are consistent with criteria established in Board Resolution Nos. 82-1539 and 87-825 (JWA Revenue Policy), for Airport Enterprise Fund and Master Plan Requirements (FEIR 508) and are not levied for general revenue purposes.

Recommended Action

Adopt the attached resolution which adjusts John Wayne Airport tiedown and T-Hangar fees, adjusts charges on overdue tiedown and T-Hangar fees, adjusts and establishes certain automobile parking fees, and establishes a security badge fee.

TB:ln
AIRADM/36

RESOLUTION OF THE BOARD OF SUPERVISORS OF

ORANGE COUNTY, CALIFORNIA

December 8, 1987

On motion of Supervisor Riley, duly seconded and carried, the following Resolution was adopted:

WHEREAS, this Board, by Resolution Nos. 82-1539 and 87-825, established and reconfirmed the JWA Revenue Planning Policy, which contemplated, among others, a series of rents, fees, and charges related to John Wayne Airport ("JWA") activities which would be established and periodically reviewed and modified, consistent with financial studies, revenue bond requirements and full-cost recovery; and

WHEREAS, the Revenue Policy establishes that the Airport shall be operated as a prudent and self-sustaining business enterprise and shall maximize revenues; generally, the JWA Revenue Policy states that rates should be developed on the basis of either market or cost recovery, whichever is higher; and

WHEREAS, present general aviation tie-down fees and hangar fees were established by the Board on December 11, 1984, by Resolution No. 84-1765, which provided the following rates per month: 37-foot space, $54; 40-foot space, $58; 45-foot space, $66; 50-foot space, $70, and T-hangar, $80; and

WHEREAS, as part of the Master Plan Improvement Project, tie-down spaces are being relocated to the west side of the airfield, with all 37-foot and 40-foot spaces being consolidated into 40-foot spaces; and

OFFICE OF COUNTY COUNSEL ORANGE COUNTY

F0192-210 (5/77)

WHEREAS, a market survey was conducted finding that JWA tie-down fees are low compared to other airports in the area and throughout the state; and

WHEREAS, JWA fixed-base operators were surveyed, indicating tie-down rates ranging from $150 to $300 per month; and

WHEREAS, a cost recovery analysis was prepared, taking into consideration market analysis as well as full-cost recovery and the JWA Revenue Policy, which is contained in the staff report attached to the Agenda Item Transmittal for Board hearing of December 8, 1987 ("the staff report") which recommends certain rates and charges adjustments; and

WHEREAS, in order to reduce the impact of a fee increase upon tie-down and T-hangar licensees, staff has recommended such fees be implemented in two phases; and

WHEREAS, to recover administrative costs and to promote prompt payment, staff has also recommended an increase in the delinquent payment charge for tie-down and T-hangar fees from the existing two-dollar monthly charge to 10 percent, per month, of the delinquent balance;

WHEREAS, the staff report also addressed automobile parking fees at JWA, noting the proposed closure of the long-term parking facility in January 1, 1988, due to terminal construction and noted the resulting loss in operating revenues. The report also notes that an interim parking lot will be opened on or about December 1, 1987, to partially offset the loss of the long-term parking lot, but recommends an increase in certain automobile parking fees to compensate the loss in revenues; and

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F0192-210 (5/77)

WHEREAS, the Airport security office issues laminated security badges to all persons who may have a reason to enter any Airport security area. The staff report recommends a security badge fee to recover the costs of providing the service of issuing the security badges; and

WHEREAS, this matter came regularly before the County Revenue Proposal Review Committee, after notice, on November 18, 1987, with the Committee recommending approval of the proposed rents, fees, and charges; and

WHEREAS, the Orange County Airport Commission heard extended public testimony on this matter at two consecutive regular meetings, November 18, 1987 and December 2, 1987, with the Airport Commission recommending approval of the agenda item, but to amend the staff recommendation to allow for a three-step phase-in of the fees for the 40-foot tie-down spaces; the two-step phase-in of the 45-foot, 50-foot and T-Hangar spaces shall continue to be effective February 1, 1988 and June 1, 1988; the Airport Manager has recommended that all of the other effective dates of the rates and charges be delayed until February 1, 1988.

NOW, THEREFORE, BE IT RESOLVED that the following rents and fees are increased or established, effective:

1. General aviation tie-down and hangar fees

40' Tiedown Space:	Feb 1, 1988	June 1, 1988	Jan. 1, 1989
	$80	$90	$101

Type of Space	Amount/Month Effective Feb. 1, 1988	Amount/Month Effective June 1, 1988
45'	90.00	115.00
50'	96.00	122.00
T-Hangar	110.00	139.00

Increase delinquent payment charge, effective February 1, 1988 to

COUNTY COUNSEL ORANGE COUNTY
F0192-210 (5/77)

10%, per month, of the delinquent balance.

2. Automobile parking fees*

Short-term lot - $1.50 per hour; maximum daily rate $15.

Interim facility - $1.00 per hour; maximum daily rate $5.

Metered parking lot - hourly rate $1.50.

Employee parking rate - $30 per month.

* rates will be effective February 1, 1988, except the interim facility with such rate being effective upon its opening.

3. Security badge fee*

$6.00 per badge.

* effective February 1, 1988.

BE IT FURTHER RESOLVED that the proposed fees and charges are to meet funding requirements pursuant to Public Resources code Section 21080(b)(8) and Guidelines Section 15273, and are therefore exempt under the California Environmental Quality Act (CEQA). The fees and charges are consistent with criteria established in Board Resolution Nos. 82-1539 and 87-825 (JWA Revenue Policy), for Airport Enterprise Fund and master Plan Requirements (FEIR 508) and are not levied for general revenue purposes.

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AYES: SUPERVISORS THOMAS F. RILEY, ROGER R. STANTON, HARRIETT M. WIEDER, GADDI H. VASQUEZ, AND DON R. ROTH

NOES: SUPERVISORS NONE

ABSENT: SUPERVISORS NONE

OFFICE OF COUNTY COUNSEL ORANGE COUNTY

F0192-210 (5/77)

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA D. ROBERTS, Clerk of the Board of Supervisors of Orange County, California, hereby certify that the above and foregoing Resolution was duly and regularly adopted by the said Board at a regular meeting thereof held on the 8th day of December, 1987, and passed by a unanimous vote of said Board.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 8th day of December, 1987.

Linda D. Roberts
LINDA D. ROBERTS
CLERK OF THE BOARD OF Supervisors
of Orange County, California

OFFICE OF
COUNTY COUNSEL
ORANGE COUNTY

F0192-210 (5/77)

LAW OFFICES
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WRITER'S DIRECT DIAL NUMBER

TELECOPIER (714) 851-1554
TELEX: 5-060161-0
REFER TO FILE NO.

December 8, 1987

Submitted to the Board on December 8, 1987.
Linda D Roberts
Clerk of Board

The Honorable Orange County
Board of Supervisors
10 Civic Center Drive
Santa Ana, California 92701

RE: Airport Commission Proposal for Increase in Tiedown and T-Hangar rates at John Wayne Airport.

Dear Honorable Supervisors:

We represent the newly-formed Orange County Airport Association. This organization represents numerous aircraft tie-down tenants at John Wayne airport, as well as other aviation professionals and individuals interested in and affected by the daily operations at Orange County Airport.

We formally object to the Board's consideration of the proposed Tie-down and T-Hangar increase at the Board meeting on this date. We hereby request that the Board table any vote on this proposal, and remand the proposal to the Reserve Revenue Committee, and Airport Commission Staff, for proper consideration of the issues therein. Our formal objection is based on, but not limited to, the following three grounds:

1. Failure of the Airport Commission to Properly Follow Guidelines for Review of its Proposals by the Revenue Reserve Committee.

The Airport Commission and staff failed to follow its own operating procedures, because the Commission and staff failed to set the proposal for public hearing and to take public comments before submitting the proposal to the Revenue Review Committee.

We understand that standard operating procedures require the Revenue Review Committee to review all proposed rate increases, such as that of the tie-down rate increase proposal, before

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submitted to the Board of Supervisors. We further understand that the same procedures require all proposals submitted to the Revenue Review Committee first to give public notice so that all interested members of the public can offer their views, comments, and opposition, if appropriate. The proposals must then indicate the existence and degree of public opposition, if any.

In the present case, a memo was sent to all T-hangar and tie-down tenants at Orange County airport on November 10, 1987, informing them of the proposed increase in tie-down and T-Hangar rates. Several tie-down tenants who belong to our organization never received this memorandum.

The item was included on the Airport Commission's November 18, 1987 meeting. At that meeting, however, the Commission was informed that many tie-down tenants were attending an FAA Tower personnel meeting also held that night on the Airport, and could therefore not attend. The Commission decided to continue the meeting on the Proposal until December 2, 1987, to allow interested parties an opportunity to express their opposition.

Despite the absence of any opportunity for public comment until December 2, 1987, the Commission nevertheless submitted the tie-down rate increase proposal to the Revenue Review Committee, indicating no public opposition. We understand that, on that basis, the Committee approved the proposed increase.

On December 2, 1987, over 200 members of the Airport community appeared at the Airport Commission's meeting, expressing a unanimous vote of extreme dissatisfaction and outrage with the proposal, for a variety of reasons. Some of these reasons are further set forth below. However, this meeting proved to be a futile gesture, since the Airport Commission had apparently already obtained the Revenue Committee's approval due to the "absence" of any opposition on November 18, 1987.

We would prefer to believe that the incident was an oversight on the part of the Commission. However, it is clear that the Commission and its staff have failed to follow their own internal procedures. Such conduct is, intentionally or unintentionally, an abuse of discretion. We therefore respectfully request that this matter be tabled, pending remand to the Revenue Review Committee with the proper reflection and consideration of the severe public objection and criticism of the proposal.

2. <u>The AIT is Flawed and Misleading</u>.

We further object to the Supervisors' consideration of the Proposal, because the AIT is flawed, unreliable and misleading. The Commission and staff have declined to explain the basis for

upon general aviation at Orange County Airport.

The only reason for this substantial additional cost figure (which represents almost half of the total cost increase to general aviation from fiscal 1987 to 1988), was to comply with the Bond Indenture financing the Orange County Airport's Master Plan for the Commercial Air Terminal. That is, in order for the County to receive an A- rating on its bonds, it had to promise to establish a reserve of one-sixth of anticipated operating expenses.

Consequently, almost one-half of the proposed increase in General Aviation tie-down rates has been to finance the future Commercial Airline improvements at the Airport.

Clearly, it is manifestly unfair and unwarranted for general aviation to have its tie-down rates almost doubled, to finance commercial airline operations at the airport. More importantly, we believe the taxing of general aviation to support financing and development of commerical airline operations, may be violative of the Federal Airport and Airway Improvement Act, 49 U.S.C. Sections 2201, et sequitur.

Under 49 U.S.C. Section 1349, no entity receiving and expending federal funds for the improvement or maintenance of airport facilities and navigational aids, may confer an exclusive right of use of those facilities. Further, under 49 U.S.C. Section 2210(a), any recipient of such Federal airport funds must make the airport available for public use on fair and reasonable terms and without unjust discrimination. Rates must not exceed comparable rates for similar services.

Finally, the rates charged must not place an impermissible burden in interstate commerce, in violation of Article I, Section 8, Clause 17 of the Constitution.

Clearly, the proposed rates would greatly exceed comparable cost estimates for nearby airports. Of the airports our knowledgeable members surveyed, we found the following rates to be in effect:

Airport		Rate
La Verne-Brackett	$	65.00/month
Chino		55.00/month
Corona		55.00/month
El Monte		70.00/month
Fullerton		75.00/month
Riverside		40.00/month
Torrance		61.00/month
AVERAGE	$	60.15/month

Proposed JWA Rate $ 101.00/month

Percentage Increase Above Average: 68 %

Clearly, the proposed rate at John Wayne is substantially above the average rate at comparable airports. In light of the fact that at least one-half of the proposed increase is to finance commercial airline facilities, and the degree and burden of the increase, we have serious doubts whether the proposed increase can legally be justified under the Federal Airport and Airway Improvement Act, or the Constitution.

4. Summary and Conclusions.

For all of the foregoing reasons, we strongly urge the Board not to vote on this proposal, pending remand to the Revenue Committee, to the Airport Commission Staff for further clarification and correction, and to County Counsel for a determination as to the legality of this measure.

Finally, we encourage the Supervisors to work with us to resolve these issues in the spirit of cooperation and harmony. We too are concerned with the important issues facing the airport community. We want to be a part of the solution, not the problem.

However, we also recognize that, when an offer of cooperation has been replaced by poorly reasoned, hasty, and politically expedient action adversely affecting our rights, we may have no alternative but to seek redress through the Courts. In this instance, we would prefer to work with the County to resolve our differences. Nonetheless, we feel these issues are compelling, and represent the difference between long-term general aviation survival or extinction at Orange County airport.

We trust that the Board's discretion and good judgment in remanding this ill-conceived and improperly-prepared plan for further study will avoid any need for any independent review of these issues by a court of competent jurisdiction. Thank you again for your gracious understanding, professional courtesy and anticipated cooperation.

Respectfully Submitted,

SCOTT D. RAPHAEL
Attorney for the Orange
County Airport Association

SDR/Xpc
CC: All OCAA Members

COUNTY OF ORANGE

JOHN WAYNE AIRPORT
3151 AIRWAY AVENUE
BUILDING K-101
COSTA MESA, CA 92626

GEORGE A. REBELLA
AIRPORT MANAGER

DEC 4
CC

December 3, 1987

TO: Each Board Office

FROM: George Rebella, Airport Manager *GA Rebella*

SUBJECT: December 8, 1987 Agenda Item #49, John Wayne Airport Rents, Fees, and Charges

The Airport Commission has heard public testimony on the subject agenda item at two consecutive meetings, November 18, 1987 and December 2, 1987. Most of the public testimony centered on the proposed increases of fees for Tiedown and T-Hangar parking spaces for private planes. The agenda item which has been filed contains a staff recommendation that the increase in fees be phased in a two step process. After public testimony, the Airport Commission voted to amend the staff recommendation by allowing for a three step phase in of the fees for 40' Tiedown spaces. The Airport Manager is in agreement with this amendment, and also recommends that the initial increase be moved back one month to allow for adequate notification time for affected parties. Therefore, the amendment to the proposed resolution would be to replace the recommended two step phasing for 40' Tiedown space with the following phasing:

	Feb. 1. 1988	June 1, 1988	Jan 1, 1989
40'Tiedown Space	$80	$90	$101

Also, to allow sufficient time for notification of the other various affected parties, the Airport Manager recommends that all of the other effective dates of the rates and charges be delayed until February 1, 1988.

If these are questions regarding this action, please call me at 755-6631, or Tom Beckett of my staff at 755-6551.

RECOMMENDATION ACTION

Approval of the Agenda Item and the proposed Resolution subject to the amendment described above adjusting the phasing of the increase to the 40' Tiedown spaces and delaying the effective date of all initial increases to February 1, 1988.

cc: Linda Roberts, Clerk of the Board
Larry Parrish, County Administrative Office
Adrian Kuyper, County Counsel

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MINUTES OF THE BOARD OF SUPERVISORS

OF ORANGE COUNTY, CALIFORNIA

DECEMBER 8, 1987

RESOLUTION NO. 87-1628. JOHN WAYNE AIRPORT RENTS, FEES AND CHARGES: John Wayne Airport Manager requests approval of certain rents, fees and charges as an element of revenue requirements in compliance with the Bond Indenture securing John Wayne Airport Revenue Bonds and the John Wayne Airport Revenue Planning Policy.

Supervisor Riley referred to the additional recommended action contained in the Airport Manager's letter dated December 3, 1987, summarizing the action taken by the Airport Commission; noting that public testimony was taken on November 18 and December 2, 1987; and that the phasing of the increases in the 40 tiedown spaces would be in three phases with the first increase commencing February 1, 1988. Supervisor Riley stated he supported the recommended actions.

Chairman Stanton stated that the matter was not the subject of a public hearing, however, anyone wishing to address the Board on the matter could do so at this time.

Scott Raphael, attorney representing the Orange County Airport Association, requested that the matter be continued and referred to the Revenue Review Committee, and then proceeded to brief his letter submitted this date (on file) containing their objections to the proposed increases.

In response to Mr. Raphael, Airport Manager George Rebella stated that the Review Committee meeting was duly noticed in accordance with the Brown Act and that he had informed them of the Association's opposition to the rates; that after two hours of public testimony on November 18th, he had recommended that the Commission continue the matter to December 2nd to allow any other interested parties to give their input and that individual notices were sent to all tiedown tenants; that when the County went into the bond program, a financial consultant with extensive expertise in airport budgets was hired who created a financial model which the Board approved; that current budget figures are used and at the end of year, these figures are adjusted to actuals which then would impact the rates for the next year; and that comparables were obtained from other airports similar to John Wayne Airport.

MOTION: On motion by Supervisor Riley, seconded by Supervisor Roth, the Board adopted Resolution No. 87-1628 which adjusts John Wayne Airport tiedown and

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T-Hangar fees, adjusts charges on overdue tiedown and T-Hangar fees, adjusts and establishes automobile parking fees, and establishes a security badge fee, subject to adjusting the phasing of the increase to the 40-foot tiedown spaces and delaying the effective date of all initial increases to February 1, 1988. MOTION UNANIMOUSLY CARRIED.