

Private Hangar RFP Presentation Responses to Questions

Question:

The minimum ground rent is way too high for anyone less than a full service FBO and the height restrictions in the GA west area make the land much less valuable than the existing FBO property. Reno international has a 15 acre FBO RFP with a \$0.38 ground rent. Why does SJC think their land is worth 4.5 times as much?

Answer:

Ground rent is established by City Resolution. \$1.71 per square foot ground rent is the standard rate that any new tenant would pay that leases undeveloped ground at the Airport. However, the Airport acknowledges that the site limits full development possibilities and, because of this, has removed the minimum ground rent requirement. Ground rent will remain a biddable item, but there will not be a required minimum amount.

Question:

The property has a lot of issues. The physical layout of the property is not the best, and reduces its potential usefulness. In addition, the easement for the sewer and the height restrictions due to the presence of the runway also negatively impact the site's usefulness. Finally its position in the flight path of the short runway raises concerns about potential problems if an AC has problems on takeoff or landing.

Answer:

The Airport acknowledges that the site limits full development possibilities and, because of this, has removed the minimum ground rent requirements and will provide a minimum lease term of 20 years, regardless of the capital investment amount. Should the actual capital investment be an amount in excess of the requirement for a 20-year lease in the Long Term Ground Leasing Policy, the lease term will be increased to reflect the schedule within the policy and as presented in the Outreach Meeting Presentation.

Question:

Is the self-fueling provision intended for just the leaseholder to be able to fuel its own aircraft or for tenants of the leasehold to self-fuel as well?

Answer:

The leaseholder is permitted to fuel aircraft that it owns or aircraft that are based at the lease site. The RFP will include specific rules for what constitutes owned and based aircraft. Fueling is not allowed for itinerant aircraft.

Question:

Is fueling allowed? Can a tenant put in a fuel farm?

Answer:

The leaseholder is permitted to fuel aircraft that it owns or aircraft that are based at the lease site. The RFP will include specific rules for what constitutes owned and based aircraft. Fueling is not allowed for itinerant aircraft. The leaseholder may construct an approved fuel farm that meets all federal, state and local rules and regulations.

Question:

Our company purchased the aviation training equipment from San José State University (SJSU). We proposed a 3-year direct lease with the Airport for the SJSU property for purposes of training mechanics at the facility. After the 3-year period, SJSU would then demo the building. This would be more inline with the current economy.

Answer:

The SJSU 50-year lease expired June 30, 2010. The State of California has a legal obligation to remove the improvements by the end of the year. The site will be included in the RFP to provide a parcel that is feasible for new development opportunities.

Question:

Once the RFP is formalized, will it go to Council for approval?

Answer:

The RFP will not be reviewed by City Council; however, the award of the RFP and approval to enter into the Agreement will be reviewed by City Council.

Question:

Is there an obligation to continue the leasehold to the existing t-hangar and tie-down tenants?

Answer:

There is no obligation to continue to lease space to existing tenants.

Question:

A corporate hangar would need to be at least a 28' door height. The AvBase facility is a 40' building, you indicated that could be put on the property. As I looked at it the only place you would have a clear zone would be directly adjacent to the AvBase facility, which would go over the sewer line and require the removal of all the hangars, is that correct?

Answer:

There are height restrictions on this parcel that limit development in some areas. Generally, there are fewer height restrictions on the northwest portion of the site. The FAA will provide the final determination on height restrictions for any development.

Question:

If there is no obligation to the existing tenants, if you were to find someone interested in this large parcel of land, where would the existing tenants be located as all this is being developed?

Answer:

The Airport will not be providing space for existing tenants once an Agreement is entered into to develop the property. Tenants could base their aircraft at the existing FBO or at an alternate airport.

Question:

Is there an existing ALTA survey for this parcel or will that be coming out in the RFP?

Answer:

To our knowledge, there is not an ALTA survey available. The City does have a plat map and legal description for the property.

Question:

A popular way of attracting tenants is for a developer to sell the improvements. For instance, if a developer were to construct multiple hangars or condo type hangars, would the Airport allow purchases of those individual hangars by 3rd

parties and would the term reflect the overall investment or just the investment in that specific hangar?

Answer:

A condo-type hangar development is an allowed use of the property; however, the Airport will not enter into separate leases with multiple parties on this parcel. The term of the lease will reflect the overall capital investment.

Question:

The existing GA west hangars have lots of useful life left. They should remain and all current GA west tenants should be accommodated at SJC. Please look at the propeller aircraft area at VNY to see what San Jose could develop.

Answer:

The T-hangars are in poor condition and refurbishment will not be considered.

Question:

With 42 acres of additional FBO/corporate GA becoming available, the 15 acre GA West area should remain an area where turbine aircraft are not permitted. The airport needs to provide reasonable accommodations for propeller aircraft. If the no jet aircraft GA west policy is being changed, it needs to be approved by the commission and City Council prior to any RFP.

Answer:

The Airport will not place restrictions on aircraft types on this parcel.

Question:

I understood from the recent presentation in the City Council Chambers that, under the Hangar RFP, proposers will not have any obligation towards existing tenants of GA West. What does the Airport plan to do with regard to these tenants?

Answer:

The Airport will terminate the leases with the tenants. The tenants could enter into agreements with the existing FBO, relocate to an alternate airport, or lease space at the redeveloped site should that use be proposed.

Question:

Will they (existing tenants) all be given eviction notices to clear the area for the successful bidder and for construction? If so, when?

Answer:

The Airport will terminate the leases with the tenants. The termination date has not been determined.

Question:

Will existing tenants be able to remain based at SJC during and after any construction at GA West?

Answer:

The Airport will not be providing space for existing tenants once an Agreement is entered into to develop the property. Tenants could base their aircraft at the existing FBO or at an alternate airport.

Question:

Does the Airport plan to require bidders to offer rental parking (hangar or tie-down) for all types and classes of aircraft?

Answer:

No.

Question:

The Design slide from your presentation says "Existing structures must be removed". What about refurbishment hangar options?

Answer:

The T-hangars are in poor condition and refurbishment will not be considered.

Question:

Who is responsible for the demo?

Answer:

The State of California is responsible to demolish the SJSU improvements. The awarded proposer is responsible to demolish the remaining improvements, including T-hangars, tie-downs and ramp. Demolition costs incurred by the awarded proposer will be credited towards the total capital investment to develop the parcel.

Question:

Is the winning proposer responsible for providing construction access? Example, do we have to curb cut to allow our construction vehicles in?

Answer:

The awarded proposer is responsible for accommodating its construction needs.

Question:

If we do air charter out of the site, what about aircraft maintenance?

Answer:

If you elect to provide charter for hire, additional minimum requirements will apply to the type of facility that is developed to ensure a professional and complete experience for your customers. The charter for hire minimum standards will be promulgated shortly. You can maintain aircraft on the site that you own or operate, but 3rd party maintenance is not allowed.

Question:

What about environmental concerns? How is the new tenant protected?

Answer:

Phase I and Phase II environmental studies are being conducted. A baseline will be established for the site.