HOLLISTER MUNICIPAL AIRPORT RATES AND FEES STUDY

FINAL REPORT

October 24, 2025

Hollister Municipal Airport ("**CVH**" or "**Airport**") is a non-towered, public-use airport owned and operated by the City of Hollister ("**City**" or "**Sponsor**"). The airport is classified as a General Aviation Local airport in the FAA's National Plan of Integrated Airport Systems ("**NPIAS**") with 105 based aircraft on 343 acres located three nautical miles north of Hollister, California. The airfield is at an elevation of 230 feet MSL with two asphalt runways: Runway 13/31 (6,350 × 100 ft) and Runway 6/24 (3,150 × 100 ft).

The current *Airport Master Plan* was developed in 2003. The Master Plan depicts proposed facilities on the Airport Layout Plan ("**ALP**") which was updated by Coffman Associates in July 2018. The Airport Capital Improvement Plan ("**ACIP**") projects capital expenses and project phasing of facilities on the ALP. Kimley Horn updated the ACIP annually and prescribed $18.1M in capital projects through FY2027-28.

NPIAS airports are eligible to receive federal funds collected from users of the national airspace system based on the principle that those who use the system should pay for it. The Airport and Airways Trust Fund collects revenue from passenger tickets, cargo shipments, and fuel sales which is distributed to NPIAS airports through the Airport Improvement Program ("**AIP**").

Federal AIP grants provide funding equal to approximately 90% of the eligible project costs in exchange for obligations to uphold FAA Grant Assurances. The Sponsor's 10% match is expected to be offset by state matching grants from the California Department of Transportation ("Caltrans") Division of Aeronautics equal to 5% of the federal match, up to a maximum of $150,000 annually. Further, the 2024 FAA Reauthorization Bill temporarily increased federal funding levels to 95% of eligible projects through FY2026.

Hollister Municipal Airport is entering a sustained, capital intensive period of facility redevelopment without a reserve to finance operational contingencies, facility maintenance, or capital construction projects. Through FY2027-28, the ACIP calls for $19.9 M in capital projects requiring $1.6M in Sponsor contributions.

The Sponsor has engaged Ascension Group Partners ("**AGP**") to conduct this *Rates and Charges Study* with the purpose of determining appropriate aeronautical fees sufficient to cover the Airport's operating expenses and funding requirements for planned capital projects. A survey of market-based rates was conducted for a Peer Set of airports along with a pro forma financial analysis to calculate the Airport total and net requirements necessary to cover the Sponsor's operating expenses and capital project obligations.

Hollister Airport is in close proximity to the San Francisco Bay area with a full-service FBO and secondary crosswind runway capable of supporting large aircraft. However, CVH does not have significant large aircraft operations providing substantial sources of landing fees and jet fuel revenue. There is also limited land on airport for the development of aeronautical and non-aeronautical revenue sources. The path to self-sufficiency at CVH is to pursue aeronautical growth through development of existing airport assets for the highest and best use. Self-sufficiency cannot be achieved by simply increasing rates, which can often present a deterrent to airport growth.

1.0 Airport Rates and Charges

While federal and state grants cover most of an airport's capital project expenses, airport sponsors are liable for 100% of the day-to-day operating expenses to keep the airport in a safe and serviceable condition required by grant assurances. The sponsor typically relies on operating revenue from aeronautical activity to offset operating expenses.

When it comes to airport operating revenue, federal law does not mandate a specific approach to airport rate setting. FAA Grant Assurances 24 and 25 require airports to maintain a rate structure that makes the facility as self-sustaining as possible under the circumstances existing at the particular airport, while ensuring that all airport revenues are used solely for airport-related purposes. Revenue diversion occurs when airport income is used for non-airport purposes, such as unrelated municipal programs or infrastructure projects, in violation of federal grant assurances. Revenue dilution, the failure to collect appropriate revenues or undervaluing airport assets such as ground leases, hangar rents, and land sales, also diminishes long-term self-sufficiency.

Sponsors must employ a reasonable, consistent, and transparent method of establishing rates and adjustments on a timely and predictable schedule. FAA will not ordinarily investigate the reasonableness of a general aviation airport's fees absent evidence of a progressive accumulation of surplus aeronautical revenues. In establishing new fees, and generating revenues from all sources, airport owners and operators should not seek to create revenue surpluses that exceed the amounts to be used for airport purposes, including reasonable reserves and other funds to facilitate financing and to cover contingencies.

Municipal sponsors tend to operate airports like other public utilities with the goal of balancing the operating budget by setting market rates based on nearby similar facilities. While rates charged at nearby airports are informative, they are not universally comparable and do not reflect the differing cost base and revenue necessary to achieve the FAA's stated goal of self-sufficiency. Furthermore, market rates have not kept up with increases in operating expenses, let alone fund capital reserves, so regional averages used as a benchmark reinforce historically suppressed rates. Land leases and hangar rents, often the most significant sources of operating revenue for general aviation airports, are typically escalated around 3% annually in line with the Consumer Price Index ("**CPI**"). However, the Engineering News-Record Construction Cost Index ("**ENR-CCI**"), which better represents capital replacement cost, has run about twice the CPI. AGP recommends annually adjusting the established fee schedule using the ENR-CCI index.

A hybrid compensatory-residual approach is recommended for general aviation airports, setting aeronautical fees based on a combination of market comparability and cost recovery. In a compensatory model, the airport assumes responsibility for any shortfall in aeronautical revenues necessary to cover the rate base while aeronautical users assume this responsibility through a cost recovery mechanism, such as landing fees, in a residual model. This blended approach allows for increased aeronautical activity to offset the necessity for fee increases, supporting below market rates that further stimulate airport development.

CVH should maintain market-based rates comparable to a peer set of airports ("**Peer Set**") to avoid displacing demand for airport related services while promoting revenue growth through increased aeronautical activity. A market rate adjustment should be conducted every fifth year to bring aeronautical fees in alignment with comparable rates and Airport financial requirements.

2.0 Market-Based Rate Survey

A market survey of rates and charges was conducted on a Peer Set of eight comparable airports, two competitive airports, and four fire base airports. Three hundred and three (303) publicly owned, public use airports in California, Nevada, Oregon, and Arizona were evaluated to select the airports most similar to CVH for inclusion in the Peer Set. Seven criteria were used in the evaluation: NPIAS role, number of based aircraft, TFMSC C-II operations, Air Traffic Control Tower ("**ATCT**"), and Instrument Landing System ("**ILS**") facilities, acres of land, and distance from CVH. Data was acquired from the FAA Form 5010-1 Airport Master Record database. Traffic Flow Management System Count ("**TFMSC**") operations for Airport Reference Code C-II aircraft or larger were acquired from the FAA Aviation System Performance Metrics Web Data System.

All airports in the Peer Set were scored on the seven criteria by indexing the value for each airport minus the value for CVH on a scale of 0 to 1 with the highest score given to airports identical to CVH and the lowest score given to airports most dissimilar to CVH. For instance, CVH received a score of 1 in each of the seven criteria for a total index score of 7.00. Hanford Municipal (HJO) was the most similar airport in the region with a total index score of 6.72: NPIAS Role (1.00), based aircraft (0.93), TFMSC C-II Operations (0.97), ATCT (1.00), and ILS (1.00), acres (0.96), and distance (0.86). Two competitive airports within 20 miles of CVH as well as four fire base airports were also included in the Peer Set (Figure 1).

Loc ID	Name	City	State	RNWY Length	Acres	NPIAS Role	CII TFMSC	Dist	Indexed
CVH	HOLLISTER MUNI	HOLLISTER	CA	6,350	343	Local	52	0	7.00
HJO	HANFORD MUNI	HANFORD	CA	5,179	132	Local	41	107	6.72
OAR	MARINA MUNI	MARINA	CA	3,483	305	Local	8	24	6.71
DWA	YOLO COUNTY	DAVIS	CA	6,000	498	Local	44	119	6.71
GOO	NEVADA COUNTY	GRASS VALLEY	CA	4,657	117	Local	38	163	6.67
VCB	NUT TREE	VACAVILLE	CA	4,700	262	Local	12	107	6.57
HAF	HALF MOON BAY	HALF MOON BAY	CA	5,000	325	Local	3	74	6.55
PTV	PORTERVILLE MUNI	PORTERVILLE	CA	5,960	940	Local	21	143	6.54
WVI	WATSONVILLE MUNI	WATSONVILLE	CA	4,502	330	Regional	13	21	6.51
E16	SAN MARTIN	SAN MARTIN	CA	3,095	179	Local	0	17	6.10
SNS	SALINAS MUNI	SALINAS	CA	6,004	605	Regional	241	19	3.93
O22	COLUMBIA	COLUMBIA	CA	4,673	356	Local	0	96	6.12
SEE	GILLESPIE FLD	SAN DIEGO/EL CA	CA	5,342	758	National	560	377	3.85
RDD	REDDING RGNL	REDDING	CA	7,003	1584	Non-Hub	4107	254	2.95
HMT	HEMET-RYAN	HEMET	CA	4,315	428	Local	0	330	5.76

Comparable | Competitive | Fire Base

Figure 1. CVH Airport Peer Set.

Surveys of peer set airports are conducted to collect common aeronautical rates providing insight on competitive and fair market ranges. Airports in the Peer Set were selected on characteristics similar to those found at CVH. While ground leases, hangar rents, and fuel flowage fees often account for nearly all aeronautical revenues at general aviation airports, many other circumstances influence the revenue-generating ability of an airport to cover capital and operating expenses toward the FAA's stated goal of self-sufficiency. Additional income derived from airport owned FBOs, commercial aeronautical operators, large aircraft operations, local economic development, and occasionally non-aeronautical leases for facilities, ground, or natural resource extraction may offset or subsidize aeronautical rates necessary to cover the rate base. Thus, comparable market rates are informative in determining appropriate rates at CVH, but market rates may reflect other budget balancing revenue sources not available to the Airport. Therefore, the Sponsor may unilaterally impose fees outside of market ranges, after consultation with users, if it is consistent with FAA policy and necessary for self-sufficiency.

2.1 Aircraft Parking and Aeronautical Facility Rent Rates

Airports providing a paved tie-down area typically charge a nightly rate for transient aircraft and a monthly rate for based aircraft. Many airports structure parking rates in a fixed tier based on the aircraft category and/or and weight. Hollister Airport charges nightly rates of $5 for single engine, $10 for multi engine, $10 or $25 for helicopter, and $25 for jet aircraft. Monthly tie-down rates are $50 for tail-in and $70 for taxi-in spaces. These rates were provided by Airport staff but are not included on the City of Hollister's Consolidated Fee Schedule and therefore could not be independently verified.

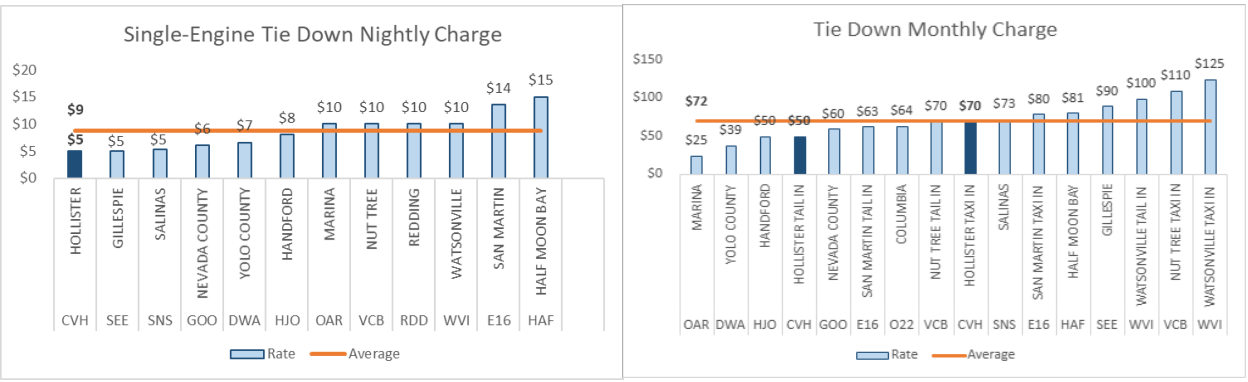

Figure 2. Current Nightly and Monthly Tie-Down Fees.

Hollister's monthly tie-down fees are below the market average for single engine nightly and monthly parking. The nightly tie-down charge for transient aircraft is among the lowest in the Peer Set and uses a different tiered methodology than monthly parking (Figure 2). AGP recommends raising the single engine nightly and monthly rates to the market average and standardizing the tiered structure on aircraft category at a rate 8x the average nightly rate. The monthly rate for single engine taxi-in, multi engine and glider parking should be set to 150% of the single engine, tail in rate based on the approximate proportional displacement with the jet rate raised relative to the increase in the single engine rate.

Aircraft Category	Nightly	Monthly	Ratio
Piston: single engine, tail in	$9	$72	8.0
Piston: multi engine, taxi in, or helicopter	$14	$108	8.0
Turbine: jet or helicopter	$45	$360	8.0

Figure 3. Proposed Nightly and Monthly Tie-Down Fees.

The proposed structure (Figure 3) brings the nightly tie-down rates in line with market while standardizing the monthly tie-down structure to match. The proposed structure and rates are also similar to Watsonville in the comparable set and Salinas in the competitive set of airports (Figure 4).

Aircraft Category	CVH	SNS	WVI
Piston: single engine, tail in	$72	$73	$100
Piston: single engine, taxi in	$108	N/A	$125
Piston: multi engine, helicopter	$108	$114	$200
Turbine: jet or helicopter	$360	$622	$700

Figure 4. Proposed Monthly Tie-Down Fees Relative to SNS and WVI.

2.2 Ground Lease and Hangar Rent Rates

Ground lease and hangar rent rates are difficult to compare because property leases are uniquely determined based on existing improvements, access to the airfield, negotiation between parties, appraisals, and/or comparative properties. Surveying ground lease and hangar rent rates is informative, but such rates are not universally comparable from airport to airport. Ground lease rates are typically influenced by terms specified in the lease, such as required scheduled improvements over the lease term or conditions such as improvement reversion requirements at the end of the term.

Ground lease rates are often bifurcated for unimproved sites with no utilities or taxiway access and improved sites that have utilities and taxiway access. However, the most common structure in the survey was a single aeronautical ground lease rate. The rates displayed in Figure 5 are for various aeronautical sites at Peer Set airports. Note, CVH applies an improved rate under the building footprint and unimproved rate for apron and other areas on the same parcel which provides a blended rate not directly comparable to peer airports.

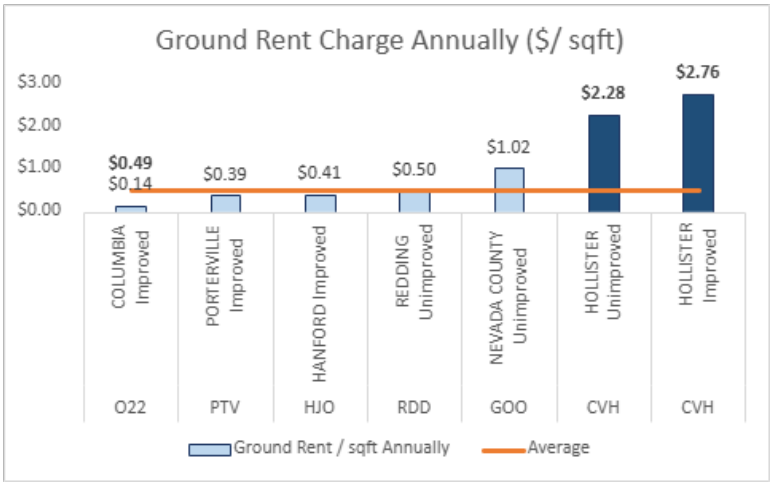

Figure 5. Ground Lease Rates ($/sq. ft. annually).

Hollister's Aeronautical Ground Lease rates are well above the market average of $0.49 / sq. ft annually.

Figure 6 shows the average T-hangar rental rates at comparable airports. Hollister's airport owned t-hangar rental rates are priced above market average but still within the Peer Set range. Note, only airport owned T-Hangars with published rates are included in the dataset.

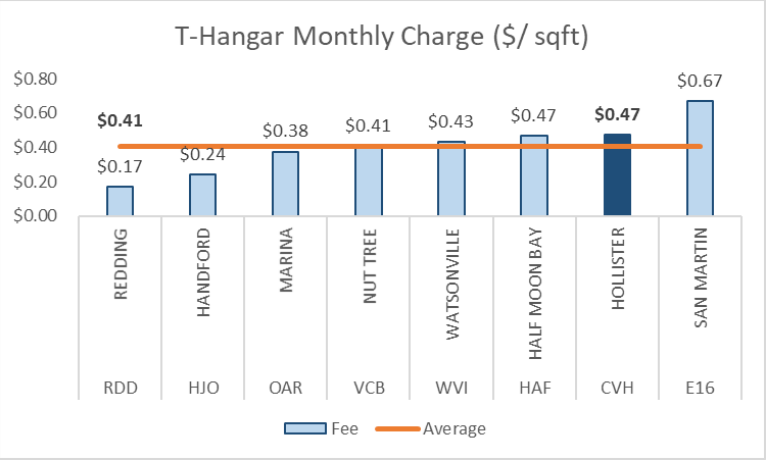

Figure 6. T-Hangar Rent Rates ($/sq ft monthly).

2.3 Fuel Flowage Fee

Fuel flowage fees are a charge on fuel sales by Fixed Base Operators ("**FBOs**") remitted to the Airport. Airports occasionally bifurcate fuel flowage fees for jet fuel and avgas. Similarly, a separate fuel flowage fee may also be established for self-fueling operations at a rate significantly higher than retail. Most airport sponsors in the Peer Set operate the FBO and therefore do not have a published fuel flowage fee. CVH's retail fuel flowage fee of $0.08 is slightly below the Peer Set average of $0.10/gallon (Figure 7) as on the low end of the national range from $0.05 to $0.25/gallon.

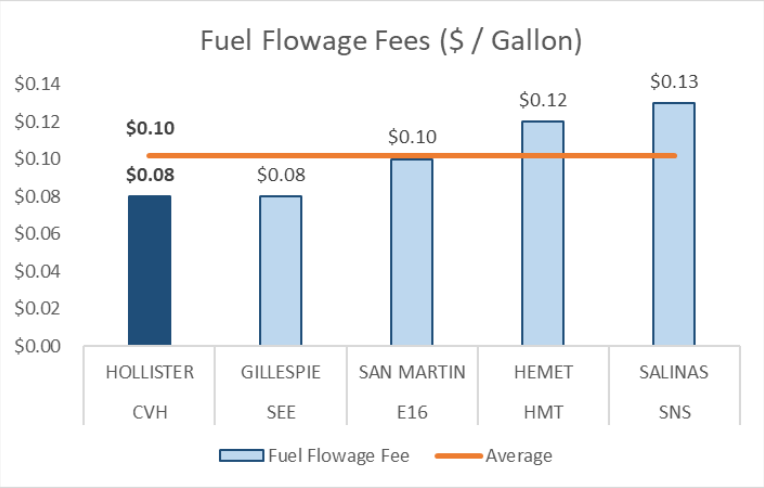

Figure 7. Peer Set Fuel Flowage Fees.

2.4 Other Airport Fees and Charges

Other fees found at Peer Set airports not charged by CVH include vehicular parking, derelict/non-operational aircraft fees, commercial permit fees, and hangar ground lease origination/transfer fees.

While overnight vehicular parking fees are difficult to collect without infrastructure, monthly or annual fees are often assessed by airports to hangar tenants requiring an airfield access permit for private automobiles. However, many tenants believe this privilege should be included with hangar and ground lease agreements without an additional charge. The existing rates at CVH support this argument and would avoid resentment from users who feel they are being "nickeled-and-dimed" by the airport.

Recently, airports in Northern California have begun assessing fees for derelict aircraft parked in tie-down areas and non-operational aircraft stored in private or airport-owned hangars. The standard fees assessed are $1,500 annually for derelict aircraft and 1.75x the monthly storage fee for non-operational aircraft. The justification for this is that the FAA requires aeronautical facilities be used for aeronautical use and any non-aeronautical use, even if temporary, must be assessed fair market value rates. While there are often understandable reasons such as the loss of a medical or death of an owner, derelict/non-operational aircraft do not contribute to the financial self-sufficiency of the airport through fuel flowage and aircraft operations.

Airports are commonly collecting commercial permit fees for aeronautical service providers and non-aeronautical ground transportation companies, such as car rental and ride share providers. In addition, airports have also established hangar lease origination and transfer fees that allow airports to recover the cost of staff resources for processing these agreements. Other than non-aeronautical commercial permit fees, which are universally 10-12% of gross revenue, these fees have traditionally been fixed based on a cost allocation rates and estimated hours of effort. A few airports have established variable fees to collect a percentage of the transaction value when ownership of hangars on airport-owned land passes hands or to capture a percentage of gross receipts in exchange for the right to operate a for-profit business at the publicly funded facility. However, this subjects commercial operators and property developers to a significant financial burden and may discourage development and aeronautical operations at CVH.

CVH could add or change the following fees while remaining within the range of common market rates:

Vehicular Parking Fee	• **Potential Fee:** $7 / night, $70 / month, or $390 / year • Typically $32-62 /month
Derelict / Non-Operational Aircraft Storage Fee	• **Potential Fee:** $1,500 annually / 1.75x monthly storage fee • Recent standard at GOO and WVI as well as SNS and O52
Commercial Aeronautical Permit Fee	• **Potential Fee:** 2% of Gross Income • $100 - $3,000 annually or 2.5% of Gross Income (VCB)
Commercial Non-Aeronautical Permit Fee	• **Potential Fee:** 10% of Gross Receipts • Typically 10-12% of gross income nationally.
Hangar Transfer Fee	• **Potential Fee:** $200 - 2,000 • Fixed fee of $100's to $k's or 2-3% sale/assessed value is common

Figure 8. Other Airport Fees.

2.5 Landing Fees

Landing fees provide a relatively inelastic revenue source to cover shortfalls in funding from market-based rates discussed above. However, since Hollister Airport is characterized by a high proportion of local, based tenant users, landing fees on transient jet users could deter aeronautical growth from this segment. Therefore, CVH currently charges a fixed, two-tier landing fee for CalFire only.

Most comparable airports in the Peer Set do not collect a landing fee. Those that do charge a fee to transient aircraft are commonly assessed as a fixed fee like CVH, a variable rate per 1,000 lbs. Maximum Take Off Weight ("**MTOW**"), or a hybrid of both. Four of the five airports with USFS/CalFire bases charge a fee of $1.00 – $2.00 / 1,000 lbs for commercial operators over 12,500 lbs. Some of these airports also charge non-commercial operators, commercial operators under 12,500 lbs, or have established a rate specific to government or state owned/contracted aircraft. Grant Assurance 27, Use by Government Aircraft, requires the Airport provide access to federal government aircraft at no charge, unless government aircraft use is substantial. Assessing fees specific to a class, category, or user while exempting others may be considered discriminatory, however, airports in the Peer Set and nationally have done so without issue.

3.0 Airport Operating and Capital Requirements

Expenses were forecasted by calculating the future value of the FY2025-26 expenses for the Airport operating fund at a 3% annual growth rate. Operating revenues were forecast based on growth in aircraft operations projected at 2.2% annually. The ACIP provides estimated costs and timing for implementation over the 5-year planning period. Capital project expenditures assume FAA Airport Improvement Program ("**AIP**") federal grants fund approximately 90% and Caltrans state grants fund 5% of ACIP-eligible projects[1] (Figure 9).

Year	Airport Capital Improvement Projects (ACIP)	2025 Est. Cost	Future Value
2025	AOA Perimeter Fence Relocation	$ 147,431	$ 147,431
2026	Airport Layout Plan Update	$ 450,000	$ 450,000
2026	Taxiway A Reconstruction - Design, Phase 1 of 2	$ 835,881	$ 836,000
2027	Taxiway A Reconstruction - Construction Phase 1	$ 8,438,000	$ 8,776,000
2027	Airport Pavement Management System	$ 300,000	$ 312,000
2028	Taxiway A Reconstruction - Construction Phase 2	$ 9,200,000	$ 9,951,000

Figure 9. Federal ACIP-eligible Projects.

The Airport Total and Net Requirement is calculated using the methodology as set forth in Table A.

EXPENSE CATEGORY	LINE ITEM
Operations and Maintenance Expense	A
Operations and Maintenance Reserve Charge	B
Capital Improvement Plan Expenditures	C
Capital Improvement Plan Reserve Charge	D
AIRPORT TOTAL REQUIREMENT	E = A + B + C + D
Less Credits to Airport Total Requirement	F
AIRPORT NET REQUIREMENT	G = E – F

Line Item A. Operation and Maintenance Expenditures. This line item is the Airport's costs for the operation, maintenance, and repair of the Airport including salaries and employee benefits, utility costs, ordinary maintenance, direct and indirect administrative and general expenses listed in the annual operating budget of the Airport Revenue Fund for the rate setting period.

Line Item B. Operation and Maintenance Reserve. This line item is an amount equal to one fifth (1/5) of the annual budget for Operation and Maintenance Expenses for the rate setting period.

Line Item C. Capital Improvement Plan Expenditures. This line item includes the sponsor's participation of federal, state, and locally funded capital projects and other capital expenditures attributable to the airport cost center.

Line Item D. Capital Improvement Plan Reserve Charge. This line item includes financing and contingencies that ensure airport self-sufficiency and a positive cash flow in future rate setting periods. The Capital Improvement Plan Reserve Charge is the Sponsor's CIP Participation of Uncompleted Projects divided by the number of current and future rate setting periods in the CIP. The Sponsor's CIP Participation of Uncompleted Projects means the total capital expense of uncompleted CIP projects less projected capital revenues from federal and state grant sources for future rate setting periods in the CIP.

[1] The FAA Reauthorization Act of 2024 provides a 95% match in federal funds through FY 2026. State funding is assumed to be 5%, capped at $150,000 during this period. For FY2027-2031, the federal share is assumed to be 90%.

Line Item E. Airport Total Requirement. This line item is the sum of the following line items: Operation and Maintenance Expenditures, Operation and Maintenance Reserve Charge, Capital Improvement Plan Expenditures, and Capital Improvement Plan Reserve Charge.

Line Item F. Credits to Airport Total Requirement. This line item identifies the credits to the Airport Total Requirement which include other airport revenues and the prior period ending balance of the Airport Revenue Fund, if any. The Airport Revenue Fund is a reserve fund to facilitate financing and cover contingencies. Any surplus revenue from the airport cost center will be transferred to the Airport Revenue Fund at the end of the fiscal year.

Line Item G. Airport Net Requirement. This line item is the Airport Total Requirement less Credits to the Airport Total Requirement.

Based on the above methodology, the airport should establish a fee and rental structure sufficient to cover the Airport Net Requirement where the Airport Capital Improvement Fund is not negative or more than the Airport Sponsor's Participation of Uncompleted Projects during the rate setting period. However, given the already high rates at CVH, achieving self-sufficiency is not simply a matter of raising existing rates, but requires aeronautical growth to be sustainable.

CVH is not a frequent destination for business aviation aircraft and there is limited on-airport land available to develop. Aeronautical growth is challenging in the traditional sense, but opportunities exist for revenue sources for through-the-fence development and emerging technology such as Advanced Air Mobility (**"AAM"**) and electric Vertical Takeoff and Landing (**"eVTOL"**) operations. The Airport is seeking City support for these non-traditional aeronautical revenue sources to help fund capital and maintenance projects. Beginning in 2026, the airport is expecting additional revenue from various Airport Use Agreements of approximately $10,000. Additional ground lease revenue of approximately $120,000 from Wisk and a future Cal Fire New Air attack Base is anticipated in addition to potential development of hangars of various sizes in future years around 2030.

A sustainable airport is not only financially self-sufficient, but also capable of maintaining operational continuity through an adequately staffed and empowered workforce. The Airport has done commendable work to balance the FY2025-26 operating budget, but the planned ACIP will require approximately $1.6 M in additional funding through FY2027-28. Further, the current budget does not allow for operating contingencies or fund facility maintenance for upkeep of reverted hangars and buildings.

Municipal sponsors must also exercise caution when allocating indirect costs to the airport's operating budget. The FAA allows sponsors to recover shared service expenses such as administrative, legal, IT, or finance functions, but only if they are equitably allocated, documented, and do not burden the airport with a disproportionate share. Enterprise funds are not required to be billed identically to other government departments, but the cost allocation must be justified and based on actual expenses. Sponsors have a responsibility to ensure airport budgets reflect reasonable, airport-related costs that do not divert aeronautical revenue out of the airport system. At the same time, aeronautical users have a responsibility to keep airport sponsors accountable through the municipality's public budgetary process and not myopically focus on the fee schedule intended to offset budgets.

Without revenue growth and an asset maintenance plan, the Airport is in jeopardy of assets deteriorating to a point where revenue generating, City-owned hangars and buildings become unleasable. In the short-term, the City will need to financially support the airport through additional general fund loans for hangar maintenance projects so the airport can continue to generate revenue from these assets. With this bridge funding, the Airport projects to generate a surplus of approximately $345,000 in FY2031-32. However, this does not account for future ACIP projects, facility maintenance, and operational contingencies.

The City also should consider acquiring vacant and available land identified in the 2018 ALP for future aeronautical development further supporting self-sufficiency and community noise mitigation. An airport leasing policy and minimum standards for commercial service providers noted in AGP's Memo on Policies and Procedures would help guide the future development of airport property for revenue generation.

4.0 Conclusion

Hollister Municipal Airport is entering a sustained, capital intensive period of facility redevelopment without a reserve to finance operational contingencies, facility maintenance, or capital construction projects. Through FY2027-28, the ACIP calls for $19.9M in capital projects requiring $1.6M in Sponsor contributions. The proposed Aeronautical Fee Schedule in Exhibit A is expected result in a deficit of approximately $520,000 during FY2022-28 but recover the reserve to a positive balance by 2031.

This analysis assumes the City will pursue several revenue generating development projects. Given the Airport's lack of a capital reserve fund, the Airport may choose to seek debt financing, defer non-critical development projects, or conduct a Request for Proposal (RFP) for private development on airport-leased ground. An airport-funded development requires up-front investment but provides a higher return on investment over the lifespan of the project from hangar rental revenues. A private development requires minimal or no upfront airport-funded investment, dependent on the existing site conditions, but the airport only receives ground rent revenue. Reversionary ground leases are a common method to incentivize private development at a reduced ground rent that accelerates recovery of the private investment during the initial ground lease term while the airport collects hangar rent revenues from the reverted asset following lease expiration.

The City should also ensure that all similarly situated aeronautical users are equally assessed on the established fees so as to not discriminate against or exempt any user(s). It is recommended that the Airport establish a consistent methodology for nightly and monthly aircraft tie-down rates. Further, every Peer Set airport collecting a landing fee exempts certain aeronautical users. However, only two have established specific rates for USFS/CalFire operations that could potentially be considered in conflict with Grant Assurance 27.

The following options are suggested to meet capital development funding needs at CVH:

1. Finance critical ACIP infrastructure projects through a short-term loan to the Airport;
2. Seek development of private development projects where potential exists;
3. Support emerging technology (AAM/eVOTL) airport development, where permitted by FAA;
4. Increase the retail fuel flowage fee to Peer Set average ($0.10 / gallon) and establish self-fueling fuel flowage fee at $0.25 / gallon;
5. Adopt tie down rate methodology based on the single engine nightly rate Peer Set average and monthly rate at eight times the nightly rate. Adjust the multi engine nightly rate proportional to the single engine rate increase and establish taxi-in monthly tie-downs at 150% of the single engine tail-in rate. Include fees for glider trailers equal to the single engine tail-in and gliders equal to the single engine taxi-in rates;
6. Establish a fixed Hangar Ground Lease Origination / Transfer fee based on City cost allocation rates and effort;
7. Adopt derelict / non-operational aircraft storage fees found at comparable Peer Set airports;
8. Review landing fee exemptions;
9. Incorporate proposed airport fees into the City's Consolidated Fee Schedule; and
10. Annually review rates for market comparability to determine any adjustment on the City's Consolidated Fee Schedule.

Airport staff will bring forth proposed fee changes in the regular fee schedule process. A proposed aeronautical fee schedule is provided in Exhibit A.

EXHIBIT A – PROPOSED AERONAUTICAL FEE SCHEDULE (effective July 1, 2026)

Fee Type	Fee Summary / Description	Fee*
Aircraft Parking	Piston: Single Engine, per night	$9.00
	Piston: Single Engine, tail-in, per month	$72.00
	Piston: Single Engine, taxi-in, per month	$108.00
	Piston: Multi Engine or Helicopter, per night	$14.00
	Piston: Multi Engine or Helicopter, per month	$108.00
	Turbine: Jet or Helicopter, per night	$45.00
	Turbine: Jet or Helicopter, per month	$360.00
	Glider trailer, per month	$72.00
	Glider, per month	$108.00
	Derelict Aircraft Fee, per year	$1,500.00
Hangar Rent	Standard T Hangar, per month	$507.00
	Large T Hangar, per month	$722.00
	Box Hangar, per month	$862.00
	Non-Operational Aircraft Storage Fee	1.75x monthly storage
Ground Lease	Improvements Ground, per square foot per year	$2.76
	Other Space Ground, per square foot per year	$0.60
Commercial	Building Lease	By Contract
	Business Sign (San Felipe Road)	$278.00
	Landing Fee, Tanker (CalFire only)	$44.00
	Landing Fee, Air Attack (CalFire only)	$22.00
	Fuel Flowage Fee, FBO, per gallon	$0.10
	Fuel Flowage Fee, Self-Fueling, per gallon	$0.25
	Through-the-Fence Operator Access Fee, per month	$111.33
	Through-the-Fence Operator Access Fee, per year	$1,336.00
	Through-the-Fence Operator Usage Fee, per aircraft per month	$72.00
Miscellaneous	Lease Initiation / Reassignment Fee	$225
	Late Fee / Delinquencies	10% of amount due
	Storage (Non-aeronautical)	Fair Market Value
	Keyfob, new or replacement	$50.00

Airport fees are not subject to automatic annual CPI adjustment and will be reviewed annual by the Airport rates for market comparability to determine any adjustment on the City's Consolidated Fee Schedule.

EXHIBIT B – PRO FORMA FINANCIAL ANALYSIS

	Base Year	Budgeted	Forecasted					
Fiscal Year (July 1 - June 30)	2025	2026	2027	2028	2029	2030	2031	2032
Operations and Maintenance Expense	$ 1,619,478	$ 1,460,507	$ 1,504,322	$ 1,549,452	$ 1,595,935	$ 1,643,813	$ 1,693,128	$ 1,743,922
Operations and Maintenance Reserve Charge	$ 323,896	$ 292,101	$ 300,864	$ 309,890	$ 319,187	$ 328,763	$ 338,626	$ 348,784
Capital Project Expenditures	$ -	$ -	$ 758,800	$ 845,100	$ -	$ -	$ -	$ -
Capital Improvement Plan Reserve Charge	$ -	$ 229,129	$ 140,850	$ -	$ -	$ -	$ -	$ -
Airport Total Requirement	$ 1,943,374	$ 1,981,737	$ 2,704,837	$ 2,704,442	$ 1,915,123	$ 1,972,576	$ 2,031,753	$ 2,092,706
Less Credits to Airport Total Requirement	$ 1,425,500	$ 1,661,700	$ 1,927,316	$ 1,428,291	$ 959,034	$ 1,330,750	$ 1,733,257	$ 2,131,468
AIRPORT NET REQUIREMENT	$ 517,874	$ 320,037	$ 777,521	$ 1,276,151	$ 956,089	$ 641,826	$ 298,497	$ (38,762)

AIRPORT OPERATING FUND									
Airport Revenue									
	Current Unsecured Aircraft	$50,000	$46,000	$47,012	$48,046	$49,103	$50,184	$51,288	$52,416
	Aircraft Possessory Tax	$0	$46,000	$47,012	$48,046	$49,103	$50,184	$51,288	$52,416
	State Assistance	$10,000	$10,000	$10,220	$10,445	$10,675	$10,909	$11,149	$11,395
	Landing Fees	$15,000	$16,000	$16,352	$16,712	$17,079	$17,455	$17,839	$18,232
	Storages Fees	$25,000	$28,000	$28,616	$29,246	$29,889	$30,547	$31,219	$31,905
	Ground Leases	$310,000	$435,000	$444,570	$454,351	$586,733	$599,642	$648,214	$662,475
	Airport Hangars	$750,000	$765,000	$781,830	$799,030	$816,609	$834,574	$852,935	$871,700
	Building Rents	$250,000	$298,000	$304,556	$311,256	$318,104	$325,102	$332,254	$339,564
	Airport Tie-Downs	$8,500	$9,000	$10,618	$10,852	$11,091	$11,335	$11,584	$11,839
	Fuel	$20,000	$20,000	$25,662	$26,227	$26,804	$27,394	$27,996	$28,612
	Delinquencies	$2,000	$1,000	$1,022	$1,044	$1,067	$1,091	$1,115	$1,139
	Licenses & Permits	$0	$3,700	$3,781	$3,865	$3,950	$4,037	$4,125	$4,216
	Miscellaneous Revenue	$0	$0	$5,222	$5,337	$5,455	$5,575	$5,697	$5,823
	TOTAL AIRPORT REVENUES	$1,440,500	$1,677,700	$1,726,475	$1,764,457	$1,925,662	$1,968,027	$2,046,704	$2,091,732
Airport Expenses									
	General Fund Indirect Expense	$66,000	$75,000	$77,250	$79,568	$81,955	$84,413	$86,946	$89,554
	Information System Indirect Expense	$109,750	$107,150	$110,365	$113,675	$117,086	$120,598	$124,216	$127,943
	Airport Direct Expenses	$1,443,728	$1,278,357	$1,316,708	$1,356,209	$1,396,895	$1,438,802	$1,481,966	$1,526,425
	TOTAL AIRPORT EXPENSES	$1,619,478	$1,460,507	$1,504,322	$1,549,452	$1,595,935	$1,643,813	$1,693,128	$1,743,922
TOTAL AIRPORT OPERATING PROFIT (LOSS)		**-$178,978**	**$217,193**	**$222,153**	**$215,005**	**$329,727**	**$324,214**	**$353,576**	**$347,810**

	Base Year	Budgeted	Forecasted					
Airport Capital Improvement Fund	2025	2026	2027	2028	2029	2030	2031	2032
Airport Capital Improvement Fund - Revenues								
Federal Grants (90% of Federal ACIP projects only)	$ 140,059	$ 1,221,700	$ 8,179,200	$ 8,955,900	$ -	$ -	$ -	$ -
State Grants (5% of Federal ACIP and 90% of State Funded ACIP projects)	$ 7,372	$ 64,300	$ 150,000	$ 150,000	$ -	$ -	$ -	$ -
TOTAL CAPITAL REVENUE	$ 147,431	$ 1,286,000	$ 8,329,200	$ 9,105,900	$ -	$ -	$ -	$ -
Airport Capital Improvement Fund - Expenses								
TOTAL CAPITAL EXPENSES (See ACIP Below)	**$ 20,325,000**	$ 1,286,000	$ 9,088,000	$ 9,951,000	$ -	$ -	$ -	$ -
Sponsor Participation of Capital Projects	**$ 1,603,900**	$ -	$ 758,800	$ 845,100	$ -	$ -	$ -	$ -
Sponsor Participation of Uncompleted Projects	**$ 1,603,900**	**$ 1,603,900**	**$ 845,100**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Percentage of Uncompleted Projects Funding in Reserve	**0%**	**14%**	**-38%**	**0%**	**0%**	**0%**	**0%**	**0%**
Airport Capital Improvement Fund - Ending Balance	**$ -**	**$ 217,193**	**$ (319,454)**	**$ (949,549)**	**$ (619,822)**	**$ (295,609)**	**$ 57,968**	**$ 405,778**

Airport Capital Improvement Projects (ACIP) - Federal FY 2025 - 2030 (Oct 1 - Sep 30)	**2025 Est. Cost**	2026	2027	2028	2029	2030	2031	2032
2025 AOA Perimeter Fence Relocation	$ 147,431							
2026 Airport Layout Plan Update	$ 450,000	$ 450,000						
2026 Taxiway A Reconstruction - Design, Phase 1 of 2	$ 835,881	$ 836,000						
2027 Taxiway A Reconstruction - Construction Phase 1	$ 8,438,000		$ 8,776,000					
2027 Airport Pavement Management System	$ 300,000		$ 312,000					
2028 Taxiway A Reconstruction - Construction Phase 2	$ 9,200,000			$ 9,951,000				