



**AGENDA REPORT**

**PROPOSED ACTION: Ordinance:** Approve and Authorize the Executive Director to Execute an *Airline Operating Agreement* and its *Annex "A" Space/Use Permit* with Advanced Air, LLC, with Anticipated Revenues of \$191,627.45, Operating at San Francisco Bay Oakland International Airport and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Aviation)**

**Submitted By:** Craig Simon, Interim Director of Aviation; Danny Wan, Executive Director

**Parties Involved:** Advanced Air, LLC, Airline, Hawthorne, CA

**Amount:** \$191,627.45, Approximately Six Months' Operations

**EXECUTIVE SUMMARY:** Advanced Air, a domestic carrier headquartered in Hawthorne, California commenced daily essential air service to Crescent City, CA from San Francisco Bay Oakland International Airport (OAK or Airport) in March 2024. This action would approve and authorize the Executive Director to: 1) approve the terms and conditions of the Port's standardized *Airline Operating Agreement* and its *Annex "A" Space/Use Permit* with Advanced Air, LLC (Advanced Air); and 2) authorize the Executive Director to execute the *Airline Operating Agreement* and *Annex "A" Space/Use Permit*.

**BACKGROUND & ANALYSIS**

The *Airline Operating Agreement* (AOA) provides the terms and conditions for scheduled passenger and cargo airline operations at OAK. All airlines subject to these agreements pay fees to the Airport pursuant to the Port's annual Rates & Charges ordinance. For consistency, all AOA's have a concurrent expiration date of September 30, 2026, subject to the right of either party to terminate upon 30 days written notice.

Advanced Air is headquartered in Hawthorne, California and operates scheduled commuter service to various destinations throughout Arizona, California, Nevada, and New Mexico. On January 3, 2024, Advanced Air was selected by the Border Coast Regional Airport Authority Board to provide Essential Air Service (EAS)<sup>1</sup> from Crescent City, CA to OAK.

The current ESA authorization for Advanced Air's Crescent City to Oakland operation is from March 17, 2024 through September 29, 2024. Advanced Air operates daily nonstop flights from Oakland to Crescent City, flying a 30-passenger Dornier 328 Jet. The Airport is projected to collect from Advanced Air approximately \$176,524.48 in aircraft landing

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<sup>1</sup> Essential Air Service is a program by the U.S. Department of Transportation to provide certain small communities with a guaranteed minimal level of scheduled air service.

and common use fees, and \$15,102.97 in exclusive use space rental for 88 square feet of office space (Category II rate) during this period.<sup>2</sup> Advanced Air has provided a total deposit of \$87,000 to the Port of Oakland for both agreements.

**Table 1**  
**Airline Operating Agreement (3/17/24 - 9/29/24)**

Airline Landing Fee	\$31,058.48
Common Use Turn Fee	<u>\$145,466.00</u>
Total Anticipated Operations Fees:	\$176,524.48
Contract Security Deposit:	\$80,000.00

**Table 2**  
**Annex “A” Space/Use Permit (3/17/24 - 9/29/24)**

Category II Office	\$15,102.97
Performance Deposit:	\$7,000.00

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<sup>2</sup> As an essential air service provider, Advanced Air is exempt from paying passenger facility charges.

## **OTHER FINDINGS AND PROVISIONS**

### **ENVIRONMENTAL REVIEW**

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:  
15301 (Existing Facilities)
- ☐ Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- ☐ Other/Notes:

### **BUDGET**

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
  - ☒ Operating
  - ☐ Non-Operating
  - ☐ Capital

Analysis: This action will generate approximately \$91,768.89 in unbudgeted terminal rent, aircraft landing fee and common use turn fees in FY 2024.

### **STAFFING**

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.  
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).  
Reason:

### **MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):**

Applies? No (Other) - see explanation below.

- ☐ Additional Notes:

### **LIVING WAGE** (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

- ☐ Additional Notes:

### **SUSTAINABLE OPPORTUNITIES:**

Applies? Yes.

### **GENERAL PLAN** (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> Reduction in paper consumption and use of dry-washing system for washing aircraft.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><b><u>STRATEGIC PLAN.</u></b> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:</p> <div data-bbox="203 449 1360 653"> <div> <input checked="" type="checkbox"/> Grow Net Revenues <input type="checkbox"/> Modernize and Maintain Infrastructure </div> <div> <input checked="" type="checkbox"/> Improve Customer Service <input type="checkbox"/> Pursue Employee Excellence </div> <div> <input type="checkbox"/> Strengthen Safety and Security <input type="checkbox"/> Serve Our Community </div> <div> <input type="checkbox"/> Care for Our Environment </div> </div>	