



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute a Space/Use Permit with Vector Airport Systems LLC Operating at Oakland Airport for Three Years from September 1, 2025, to August 31, 2028, with One, Two-Year Option to Extend Through August 31, 2030, and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Aviation)**

Submitted By: Craig Simon, Director of Aviation; Kristi McKenney, Executive Director

Parties Involved: Peter Coleton, Vector Airport Systems LLC, Herndon, VA

Amount: \$1,354,880, FY 2026 Operating Revenue

EXECUTIVE SUMMARY: Vector Airport Systems LLC (Vector) is a landing fee billing and collections company. Port of Oakland (Port) Staff have reviewed a proposal from Vector and determined that it is in the best interest of the Port to execute a *Space/Use Permit (SUP)* with Vector to take over the landing fee collection duties currently performed by the Fixed Base Operators (FBO) at the North Field of Oakland Airport (OAK). Vector's services would bring efficiencies and other benefits, including automated tracking and reporting, an online portal for Port access, a customer payment portal, an easier reporting and audit process, and additional information on South Field landings. Vector would remit 90% of the landing fees collected to the Port, which is the same rate currently paid to the Port by the FBOs. The SUP provides the agreement to provide these services to the Port but does not involve occupying space.

BACKGROUND & ANALYSIS

Under Section 4.7 Collection of Landing Fees, of the Oakland International Airport Minimum Standards for Providers of Aeronautical Services and Self Fueling at the North Field (Minimum Standards), adopted by Port Ordinance 4126 on May 18, 2010 and amended by Port Ordinance 4183 on April 5, 2012, "If requested by the Port, each FBO shall use reasonable diligence in collecting landing fees imposed by Port ordinance for Aircraft designated by the Port landing at the Airport and using such FBO's premises, facilities or services." While operating under their respective Leases, both FBOs, Signature Flight Support (Signature) and KaiserAir, collect landing fees from itinerant aircraft that utilize the North Field at OAK and remit 90% of those fees monthly to the Port. It is Staff's recommendation to shift the collection, reporting, and payment of landing fees in the North Field from the FBOs to Vector.

Company Background

Vector is based in the Washington, DC Area and was founded in 2005 to address the need for automated landing fee billing. Vector is the only experienced landing fee billing and collections company in the U.S. and is focused on aircraft landing fee billing and collection. They have built an electronic billing and collection system which utilizes multiple aircraft identification technologies. Vector's services also include in-house

customer service and support personnel and a web-based customer payment portal. Vector currently operates at more than 40 airports, including 11 California airports.

Benefits to the Port

Vector's platform allows for transparent reporting and auditing processes relative to today's more manual process. The web-based airport portal allows the Port to securely view data online and all data is exportable as tables, reports, or graphical flight tracks. Vector will also provide the following monthly reports: Billable Operations Report, Collection Report, and Aging Report.

FBO Support

Vector's services will mean that the FBOs will no longer have any responsibility for collecting landing fees for the Port. The Port has solicited Letters of Understanding from Signature and KaiserAir acknowledging the following:

1. This action would require the Port to send a letter to the FBOs acknowledging that the Port will not be enforcing Section 4.7 Collection of Landing Fees, of the Minimum Standards for as long as the agreement with Vector is in place.
2. That the revenue stream generated by the collection of landing fees in the amount of 10% of the landing fees collected will no longer exist for the FBOs as long as the agreement with Vector is in place.
3. That the FBOs will no longer be audited by the Port for landing fees for the period commencing after Vector is operational.
4. That the FBOs will be required to update the Port with any changes to its based tenant list as this list will be regularly provided to Vector to determine which aircraft should be excluded from paying landing fees or which aircraft should pay a lesser landing fee based on their designation as a Signatory Airline or Based Tenant at OAK.

The letters of support from Signature and KaiserAir are attached as Exhibit A.

Terms

The SUP provides the vehicle and terms for the Vector to provide their technology based landing fee services for the Port but does not involve Vector occupying space at the Oakland Airport. The agreement will have a total term of five years, with an initial term of three years commencing on September 1, 2025, and terminating on August 31, 2028, and one, two-year Option to Extend, from September 1, 2028, to August 31, 2030. The SUP is terminable by either party upon 180-day written notice. There is no minimum monthly rent. Vector will be required to pay 90% of collected landing fees. The specific terms and conditions of the SUP are shown in detail on Exhibit B.

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:
- ☒ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- ☐ Other/Notes:

BUDGET

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

Analysis: During the development of the FY 2026 Operating Budget, landing fee collection revenues for the FBOs were contemplated at \$1,354,880 for the period of September 1, 2025 to June 30, 2026. There is no budget impact as these anticipated revenues will be moved from the FBOs line item to Vector, resulting in no change to the FY26 Budget.

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 (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? No.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.</p>	<p>Not Required – 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><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	

EXHIBIT A
LETTERS OF UNDERSTANDING

EXHIBIT B
TERMS AND CONDITIONS OF *SUP* WITH VECTOR

Tenant:	Vector Airport Systems LLC
Permitted Use:	Tenant shall conduct aircraft landing fees billing and collection services on behalf of the Port.
Lease Premises:	N/A , Access Only
Initial Term:	3-Years
Commencement:	September 1, 2025
Expiration:	August 31, 2028
Options to Extend:	One, Two-Year Option, from September 1, 2028, to August 31, 2030
Monthly Rent:	N/A
Percentage Rent:	Landing Fees: 90% of Landing Fees Collected
Early Termination:	Lease can be terminated unilaterally by either party with 180 days' notice.
Performance Deposit/Bond:	\$440,000.00 for the life of the SUP.
Maintenance Requirements:	Port has no maintenance, repair, or operations responsibilities.
Tenant Improvements:	N/A