

City of La Quinta

TO: Honorable Mayor and Members of the City Council

FROM: Chris Escobedo, Assistant to City Manager

DATE: August 5, 2014

SUBJECT: BERMUDA DUNES AIRPORT

The owners of the Bermuda Dunes Airport requested assistance from Riverside County Supervisor, John J. Benoit, regarding a cooperative effort to purchase and maintain the airport. Supervisor Benoit has sent correspondence (Attachment 1) to jurisdictions surrounding the airport to assess if there is interest in the partnership.

The owners believe the airport provides a continuing economic development advantage to its surrounding communities, but anticipate receiving offers to purchase the property for alternative uses.

Staff is seeking direction from the City Council on whether or not there is interest in a cooperative effort to purchase and maintain Bermuda Dunes Airport for the purpose of maintaining it as an airport. The Cities of Coachella, Indian Wells, Indio, and Palm Desert were also sent the correspondence. Riverside County might be interested in the partnership and could take on an oversight and management role involving their Aviation Department, a unit of the Riverside County Economic Development Agency. The Supervisor requests a response by Monday, September 1, 2014.

Bermuda Dunes Airport was established in 1962 and is a privately owned "public use general aviation, utility category airport." It is Federal Aviation Authority approved and operates under the State Department of Transportation Division of Aeronautics.

Attachment: 1. July 10, 2014 Correspondence from John J. Benoit

County of Riverside

RIVERSIDE OFFICE:
4080 Lemon Street, 5th Floor
Riverside, CA 92502-1647
(951) 955-1040
Fax (951) 955-2194



DISTRICT OFFICE/MAILING ADDRESS:
73-710 Fred Waring Drive, Suite 222
Palm Desert, CA 92260-2574
(760) 863-8211
Fax (760) 863-8905

SUPERVISOR JOHN J. BENOIT FOURTH DISTRICT

July 10, 2014

Mr. Frank Spevacek
c/o City of La Quinta
P.O. Box 1504
La Quinta, CA 92247

Via email

RE: Bermuda Dunes Airport

Dear Mr. Spevacek:

I have been approached by Mr. Michael Dunlevie, son of my recently departed friend Ernie Dunlevie, on behalf of the Dunlevie family. The Dunlevies own the Bermuda Dunes Airport and sought my help in reaching out to each of you.

As explained in Mr. Dunlevie's letter, the family believes there is a continuing economic development advantage to all of our communities in maintaining the current use of this property as an airport. However, the family anticipates receiving offers for the property for alternative uses. Therefore, Mr. Dunlevie has asked for my help in approaching you, to help determine what level of interest, if any, local governments might have in buying and maintaining the property as an airport.

I would appreciate hearing from you with a preliminary answer to the question: would your city have an interest in exploring a cooperative effort to purchase and maintain Bermuda Dunes Airport for the purpose of maintaining that facility as an airport?

Preliminarily, I would suggest that Riverside County might be interested in participating in such a partnership. I would be happy to explore that possibility. Such an arrangement could include an oversight or management role involving the Aviation Department, a unit of the Riverside County Economic Development Agency. That department currently manages five Riverside County owned airports (French Valley, Chiriaco Summit, Hemet-Ryan, Jacqueline Cochran and Blythe).

I would appreciate hearing by September 1st if there is any interest on the part of your city to explore such a possibility. If one or more cities express an interest, I would be pleased to host a meeting with Mr. Dunlevie to begin a more detailed conversation.

Mr. Frank Spevacek
July 10, 2014
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Please share this letter and the two attachments with your Mayor and City Councilmembers.

Sincerely,

A handwritten signature in black ink that reads "John J. Benoit". The signature is written in a cursive style with a large, sweeping initial "J".

JOHN J. BENOIT
Supervisor, Fourth District

JJB:das

cc: Mr. David Garcia, City Manager, City of Coachella
Mr. Wade G. McKinney, City Manager, City of Indian Wells
Mr. Dan Martinez, City Manager, City of Indio
Mr. John M. Wohlmuth, City Manager, City of Palm Desert
Mr. Michael Dunlevie
Mr. Rob Field, Riverside County Economic Development Agency

MICHAEL DUNLEVIE
79050 Avenue 42
Bermuda Dunes, CA 92203

June 27, 2014

Supervisor John J. Benoit
Riverside County Board of Supervisors
73-710 Fred Waring Drive, Suite 222
Palm Desert, California 92260

Re: Bermuda Dunes Airport

Dear Supervisor Benoit:

As you are aware, the Bermuda Dunes Airport has operated as a private business since 1962 and throughout the years has contributed to the successful economic development of many desert communities. I have attached a summary description of the airport and its operations.

With the passing of my father, Ernie Dunlevie, the family ownership has an increased interest in moving toward new ownership. It was my father's desire that the airport continue to operate as a local, valuable transportation element supporting the local economy. My mother has indicated she would also like to see the airport property continue in its historic usage, so our desire is to find a buyer interested in continued operation of the airport.

Of course should a non-airport related development type offer appear, we would need to objectively consider that possibility. However, because we feel strongly that there is a significant economic value in having this kind of transit infrastructure located near our neighboring cities, which if lost would never return, the family has asked me to explore the possibility that the surrounding cities that benefit economically from the airport operation, might also have interest in its continued successful airport operation.

To this end, I wanted to approach one or more of the neighboring cities to assess the interest level of any of them, singularly or perhaps as a group under a special district pursuant to the California Airport District Act (California Public Utilities Act, Division 9, Part 2), in purchasing the airport.

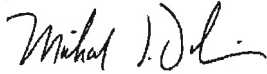
As a fellow pilot and former hanger lessee at Bermuda Dunes Airport, and as a friend, would you be willing to help us in contacting the appropriate people to assess the possible interest level among neighboring cities? We would be pleased to meet with their representatives and consider an offer from one or several of them working together to purchase and maintain the property as an airport.

I look forward to hearing from you and appreciate your assistance in this matter. Thank you for your courtesy and cooperation.

850 Chambers Avenue, Suite 9, Eagle, Colorado 81631
Telephone: (970) 328-5450 – Telefax: (970) 328-5451
Also Licensed to Practice Law in California

Sincerely,

MICHAEL DUNLEVIE

A handwritten signature in black ink, appearing to read "Michael R. Dunlevie". The signature is written in a cursive style with a prominent initial "M".

Michael R. Dunlevie
mrdunlevie@gmail.com

MRD/bh

BERMUDA DUNES AIRPORT

79-880 AVE. 42
BERMUDA DUNES, CA 92203
U.S.A.
Phone 760 345-2558
Fax 760 345-4618

BERMUDA DUNES AIRPORT PROFILE January 2014

The Bermuda Dunes Airport was established in 1962 and is a privately owned "Public Use General Aviation, Utility Category Airport." It is FAA approved and operates under State Department of Transportation Division of Aeronautics permit NO. Riv-019. The airport operates as a private business under Conditional Use Permit No. 2751, Riv. 1 issued by the County of Riverside. The permit was issued for thirty years, expires in the year 2027 and is renewable. The airport receives no agency funding of any kind and operates without financial burden or obligation to the surrounding municipalities and general public. Operational cost of the airport is borne by the owners and users of the facility.

The airport is located on 94.3 acres of commercially zoned property within the community of Bermuda Dunes. Facilities include a 5,000 x 70 foot lighted runway and taxiway (repaved in 2013) and a 15,150 square foot hangar, lobby and office complex. There are also approximately 450,000 square feet of aircraft ramp and parking space and a 44,000 square foot T-Hangar complex, which will accommodate 43 aircraft.

In March of 2002 a new 13,500 square foot, executive aircraft hangar complex, with an attached office facility, was completed. There are two additional T-Hangar buildings (22 units).

In total the airport has parking accommodations for approximately 250 aircraft.

Bermuda Dunes Airport is one of the very few successful privately owned, public use, airport operations in Southern California. The airport accommodates between thirty and forty percent of the "General Aviation Traffic" in the Coachella valley area and acts as a reliever airport to the Palm Springs International Airport. "General Aviation Traffic" includes: Business, Corporate, Charter, Aero Medical, Flight Instruction, Aircraft Rental, Scenic, Aircraft Sales and Maintenance, Private and Recreational operations.

There are approximately 40,000 operational activities (landings and takeoffs) per year, which result in some 75,000 passenger activities. We average approximately 150 aircraft based at the airport annually with most of the ownership by private individuals complemented by dozens of business and corporate operators. The types of aircraft range from small single engine piston to the largest executive multi-engine corporate jet. The size of the airport and the FAA required dimensional standards prohibit the operation of large transport category aircraft (large airliners).

There is also a residential airpark with nineteen home sites. The airpark concept includes a home with an attached hangar that has access to the airport taxiway and all facilities.

In addition to the airpark there is an adjacent Industrial Park accommodating more than sixty businesses with designated lots having airport access for their corporate or private aircraft. Many of these businesses utilize airport services.

About fifty percent of the flight activities are Charter, Corporate or Fractional Ownership flights. About forty five percent of the flight activities are private operators that live in the area and the flight school – aircraft rental service operates five aircraft and has dozens of flights daily. The airport location, with its close proximity to unpopulated areas, results in the airport being an excellent training base.

The California Highway Patrol operates many flights out of the airport as the east CHP offices are located just across from the airport on Varner Road. They also use the airport as a refueling station when performing operations in the area.

Bermuda Dunes Airport is the designated airport for medivac flights with destinations for both JFK and Eisenhower hospitals. These flights are authorized to operate on a twenty four hour per day basis. Many of these flights come from the eastern and southern part of the state where hospital facilities are not available.

Bermuda Dunes Airport is a designated emergency facility. In this capacity the airport provides an operational base for evacuation, transportation services of emergency personnel and other related emergency aviation activities and communications.

The airport also provides many additional client services including car rental, limousine, catering and hotel booking. Service is also provided for photo and motion picture site locations for commercial and entertainment production companies. There is an on site restaurant and tennis club.

The runway and ramp facilities are open 24 hours per day 365 days per year. The terminal facilities are manned from 6:00 a.m. to 8:00 p.m. seven days per week. Bermuda Dunes Airport is a non-towered airport with a UNICOM radio facility that provides pilots with advisory information as to the wind conditions, runway in use and air traffic. There is a published "Visual Flight Rule" (VFR) traffic pattern and noise abatement procedure, which enhances safety and minimizes noise and the impact that flight operations may have on the surrounding communities. Included is a curfew for turbine operations (jets) between the hours of 11:00 p.m. and 6:00 a.m. local time.

The airport and its tenant operations provide employment for approximately forty people.

The centralized location of the Bermuda Dunes Airport to all of the desert cities and in particular to the newer hotel, country club and residential developments is very desirable to the general aviation traveler, as well as, the high profile, high income resident or visitor. The trained airport staff provides a level of service that satisfies the needs of all levels of airport clientele.

According to Skyways Publications, studies of general aviation traffic and airport statistical information, indicates that for each inbound passenger flight landing at the Bermuda Dunes Airport there are on average 3 persons on board. Further, it is estimated that considering our level of clientele, each person spends approximately \$400.00 per day during a three day stay. Estimating that the airport has approximately 25,000 of these types of activities per year, the foregoing formula results in the airport funneling about \$10,000,000.00 million dollars annually into the economy of the surrounding communities.

Prepared by:

Mike Smith
Airport Manager

MICHAEL DUNLEVIE PC
Attorney at Law
79-050 Avenue 42
Bermuda Dunes, California 92203
Telephone: (760) 345-2694 – Telefax: (760) 345-9761

July 28, 2014

Re: Bermuda Dunes Airport
Supervisor John Benoit letter dated July 10, 2014

Mr. Frank J. Spevacek
c/o City of La Quinta
78-495 Calle Tampico
La Quinta, California 92253

Mr. Spevacek:

I write you today regarding Supervisor John Benoit's July 10th letter to you about the Bermuda Dunes Airport. I appreciate you are no doubt considering La Quinta's response to his question on interest in a cooperative effort in acquiring the Airport.

In the hope that I can add what may be an unknown aspect for your consideration I offer the following. If La Quinta were to join with other cities and/or the County of Riverside I understand the framework of such an effort would be a Special District under the California statutes specifically created to foster airport special districts. I refer to Public Utilities Code § 22001, et seq. and Government Code § 61100, et seq.

What I understand has been used before in forming special districts for airport ownership is the taxation aspect. If such a special district were to be formed for ownership of the Bermuda Dunes Airport, its taxing authority would include not only all the developable acreage included in the Airport property, but also all the adjoining real estate (see enclosed aerial view). That would include all the commercial development along Country Club Drive along the Airport, as well as the vacant land at the west end, the vacant land at the south west, the residential homes in the airpark development on the south side of the runway and what we have called for years the hotel site (where the Racquet Club is now located – small half circle parcel along 42nd Avenue).

I also understand that only residential property owners are afforded voting rights on the question of the formation a special district. In speaking with several of the home owners that have airplane garages and access to the Airport field from their homes, I understand they are very much in favor of any ownership change that would assure the continued operation of the Airport as an airport.

So under a special district the current developed commercial properties, plus the future development of the hotel site and any of the undeveloped land both in the Airport property and

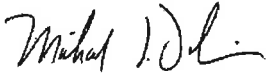
surrounding it will all have taxation contributing to the special district. These would all be in addition to revenue from airport operations.

I believe this aspect of an airport special district may not be widely known and as it adds a large future financial component to the consideration by the cities I wanted to bring this to your attention. This financial aspect adds leverage to the economic benefits the Bermuda Dunes Airport brings to La Quinta.

Certainly if there is anything further I can add to La Quinta's consideration please feel free to contact me at your convenience. Please share this letter with your Mayor and City Councilmembers.

Sincerely,

MICHAEL DUNLEVIE PC

A handwritten signature in black ink, appearing to read "Michael R. Dunlevie". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael R. Dunlevie
mrdulevie@gmail.com
C: 970.376.0884

MRD/bh

Airport is marked in RED
Surrounding properties are marked in BLUE

