



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** January 8, 2019

**TO:** Mayor and Councilmembers

**FROM:** Business Development, Airport Department

**SUBJECT:** Professional Services Agreement With LeighFisher Inc.

### **RECOMMENDATION:**

That Council approve and authorize the Airport Director to execute a three-year professional service agreement with LeighFisher Inc., for consultant planning and analysis for Santa Barbara Airport's Fixed Base Operator Redevelopment Project, in an amount not to exceed \$242,000.

### **DISCUSSION:**

#### Background – Master Plan

In late 2017, the City Council approved an Airport Master Plan that was the result of a multi-year effort to study the preferred means of meeting the aviation needs of the community well into the future. As one element of the Master Plan, the Airport considered the airfield location and footprint for the Fixed Base Operator (FBO) businesses which provide a variety of services, including fueling of commercial, charter and general aviation customers. The Airport currently is home to two FBOs – Signature Flight Support, and Atlantic Aviation, located on the north east and south east sides of the airfield property respectively.

#### Consultant Selection and Work Completed

The Airport conducted a Request for Qualifications (RFQ) process in early 2018 and selected an aviation consultant, LeighFisher, to assist with the redevelopment planning work. A professional services agreement was executed with LeighFisher in February 2018 in order to complete an initial scope of work with a limited budget (less than \$35,000). The purpose of the initial scope was to establish baseline comparisons with

other airport FBO operations and the likely market potential/demand for redeveloped FBO leaseholds in Santa Barbara.

The Airport has completed the first phase of work which has positioned the Airport for the next phase of work that will culminate in the solicitation for two future FBOs. The results of the Phase I work were summarized in a report and presented to the Airport Commission in July 2018.

### Phase II Scope

The scope of work for Phase II consists of four tasks, as summarized below:

1. Development Plan – Develop two reasonable FBO leasehold infrastructure concepts that meet the aviation demand and facility requirements identified in Phase I. Prepare detailed cost estimates of necessary infrastructure requirements that may be FAA grant eligible, will require FBO investment, or must be funded by the Airport.
2. Financial Plan – Using the market data gathered in Phase I, develop financial proformas for the FBOs for up to a 30-year lease period with projected revenues to illustrate the business potential. Also establish minimum investment expectations and benchmarks for the resources required to make those investments.
3. Business Plan – Determine the appropriate business strategy and operating terms that reflect changes in the industry, with the FBOs. Identify elements of typical agreements that support or hinder the Airport achieving its goals and develop the future template lease agreement for City review and concurrence.
4. Solicitation Plan – Determine timelines and solicitation requirements for the RFP, assist in the preparation of RFP documentation and assist in interactions with potential proposers. Prepare a financial proforma for use by proposers and assist with evaluation, scoring and selection using carefully crafted criteria.

### Future Stakeholder Engagement

A significant amount of stakeholder outreach was conducted in conjunction with the development of the Master Plan. As a result, engagement with the various stakeholders will be a refinement of that work. The engagement will consist of a series of facilitated meetings with like stakeholder groups, such as the general aviation community, vendors dependent upon a healthy general aviation sector, customers of FBOs, etc. The objective is to determine where stakeholder interests align and where they potentially diverge, in order to inform the development process. The Airport also will seek input from FBO businesses which may seek to compete for future opportunities. Collecting input from the

potential proposers will be handled separately as a “Request for Information” process in order to protect the integrity of the competitive process.

#### Revised Timeline for Redevelopment

Initially, the timeline for the redevelopment of the FBOs was largely driven by business considerations such as the expiration of the current FBO agreements. However, as the magnitude and complexity of the project has become more broadly understood, Airport staff has developed a revised timeline for the project and the work of LeighFisher. Additional factors influencing the timeline include limited funds available for consultant work, constrained in-house staff and competing priorities, as well as the need to address issues associated with the fueling facilities on airfield.

All of these considerations, and likely others unforeseen, illustrate the need to extend the current planning horizon for completion of the redevelopment. A likely scenario is one where new FBO agreements are awarded and executed in Fiscal Year 2021. Presuming a lengthy process for design, permitting and construction of new FBO facilities, the completed leasehold relocation may then coincide with the completion of Taxiway H in 2024.

#### **BUDGET:**

The total budget for phase II consultation services is \$242,000, including optional extra services. Funding for the first year of this contract, \$60,000, is included in the Airport Department’s Fiscal Year 2019 operating budget with the remainder to be allocated in the Airport’s operating budget approved by Council in subsequent fiscal years.

A copy of the agreement is available for public review in the City Clerk’s Office.

**PREPARED BY:** Deanna Zachrisson, Airport Business Development Manager

**SUBMITTED BY:** Aaron Keller, Interim Airport Director

**APPROVED BY:** City Administrator's Office