



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 29, 2025

TO: Mayor and Councilmembers

FROM: Airport Department

SUBJECT: Santa Barbara Airport Fixed Base Operator Redevelopment Update

RECOMMENDATION

That Council:

- A. Receive a report on the Fixed Base Operator redevelopment process at the Santa Barbara Airport, including an update on the Request for Proposals timeline, associated challenges, and efforts to ensure a competitive and flexible selection process; and
- B. Provide feedback to staff on Council's preference for weighting the scoring criteria contained in the Request for Proposals, desired community benefits, and other input as needed.

DISCUSSION:

Background

The Airport Department is moving forward with the redevelopment of the Fixed Base Operator (FBO) facilities in alignment with the Airport Master Plan, with the goal of securing long-term leases for FBOs, on the northeast quadrant of the Airport. Each FBO will be required to make a significant capital investment, estimated to be between \$60 million and \$100 million per site. The Request for Proposals (RFP) is in its final stages, and the department is working diligently to finalize the document and ensure a fair, competitive process that allows for innovation while meeting the Airport's minimum standards.

To ensure continuity of FBO services throughout the redevelopment process, the transition will be phased, beginning with the east site first, followed by the west site, which are currently both utilized by Signature Aviation, one of the current FBOs. This approach will ensure that general aviation users maintain access to essential FBO services while development progresses and will allow as many current tenants as possible to be accommodated through the transition.

The City has received strong interest from both existing FBOs and at least five additional entities, with more likely to emerge once the RFP is officially published. Despite concerns that the RFP may be too restrictive, the process has been designed to provide maximum flexibility. The only mandatory requirements are those outlined in the City's minimum standards and policies, including the City's sustainability guidelines. The proposed FBOs will have full discretion in shaping their operational models and facility plans, with additional offerings, such as amenities for based tenants or a restaurant, serving only to strengthen their proposals.

The Airport Department has taken a comprehensive approach to ensure the success of this redevelopment effort, including:

- Phasing the selection and development of the FBO facilities, initially drafting a detailed RFP that outlines facility conditions, development requirements, and the City's review process and timelines to ensure proposers fully understand the challenges of building at SBA.
- Developing a draft lease to streamline negotiations and provide transparency on key terms.
- Setting clear but minimal standards to qualify as a FBO, while leaving flexibility for proposers to differentiate themselves.

The City's minimum RFP standards require that a FBO, at a minimum, provide retail fuel and oil sales, aircraft maintenance and repair, aviation line services, and aircraft storage. Additionally, FBOs must provide a general aviation terminal of at least 5,000 square feet, a fuel farm with a minimum 40,000-gallon capacity, aircraft hangar storage, and adequate apron and parking areas. These standards ensure that SBA maintains a high level of service without dictating how proposers should structure their business operations.

The current proposed selection criteria include the following:

- Financial Plan
- Development Plan
- Business Plan
- Workforce Development and Community Engagement
- Community Benefits
- Miscellaneous

Staff is looking for Council direction on the weighting of these selection criteria as well as input on the types of Community Benefits the Council would like to see from the proposers in addition to any other feedback.

Challenges & Timeline Considerations:

One of the key challenges in this process is the misalignment of lease expiration dates:

- The current FBO lease with Signature Flight Support expires on October 31, 2025, while the fuel farm lease remains in effect until March 13, 2027.

- If Signature Flight Support were to be selected as the successful proposer, they will transition into the new lease immediately upon execution, seamlessly continuing operations.
- If a new FBO operator is selected, the City intends to negotiate an early termination of the fuel farm lease to allow for a full transition.
- If early termination is not feasible, Signature Flight Support will continue fuel operations under its existing lease until 2027, while the successful proposer focuses on planning, permitting, and facility development.

Next Steps:

The Airport Department is committed to keeping this process moving efficiently to avoid unnecessary delays. The RFP is expected to be published within the next few weeks. Given the substantial capital investment required, the department is also requiring that proposers provide sufficient financial information to demonstrate their ability to support the long-term investment SBA requires.

This process represents a unique opportunity to enhance general aviation facilities at SBA while fostering competition and innovation among FBOs. Staff will continue refining the RFP and lease documents and will return to Council with any necessary updates as the selection process progresses.

BUDGET/FINANCIAL INFORMATION:

The financial impact of the FBO redevelopment process on the City's budget is negligible, primarily limited to staff time and prior consultant work related to the RFP development. However, the long-term benefits to the Airport's financial health are significant. By securing long-term leases with well-qualified FBO operators committed to substantial capital investments, the Airport will enhance revenues through better use of available space, improved services, and increased economic activity. The redevelopment will also optimize lease terms to ensure fair market value for Airport property while fostering a more competitive and sustainable general aviation environment at SBA.

PREPARED AND

SUBMITTED BY: Chris Hastert, Airport Director

APPROVED BY: Kelly McAdoo, City Administrator