



City of Santa Barbara
Airport Department

Meeting: 10/19/16
Agenda Item No. 5

DATE: October 19, 2016
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Operating Agreement – MUFG Union Bank, N.A.

RECOMMENDATION:

That Commission approve and authorize the Airport Director to execute the following three (3) year Operating Agreement with MUFG Union Bank, a National Association, for operation of two Automated Teller Machines (ATMs) at the Santa Barbara Airport, effective November 1, 2016, at a graduated monthly rental of no less than \$750 and no greater than \$2,000 per month, based upon the number of non-customer ATM transactions.

DISCUSSION:

The subject Premises is located south of Hollister Avenue in an Airport Facilities (AF) zone.

Santa Barbara Bank and Trust was selected through a public Request for Proposals (RFP) process in 1997 to operate an Automated Teller Machine (ATM) at the Airline Terminal at 500 James Fowler Road. The bank's parent company, Pacific Capital Bank, N.A., subsequently merged with Union Bank, N.A., which took over operation of the ATM in the Ovington Terminal. When the Rickard Terminal opened in 2011, two new ATMs were installed, one on each floor.

MUFG Union Bank assesses a user fee to ATM customers who do not have an account with the bank or one of its affiliates, in accordance with industry standards. Union Bank pays a graduated monthly fee with a minimum of \$750 per month and a maximum of \$2,000 based on the number of non-member user transactions. To date, the revenue has never exceeded the \$750 minimum.

Since the use of ATM machines has declined, due to advancements in technology, including pay by phone, the future demand for ATM services is not certain. As a result, the Airport is proposing that a three-year term be offered instead of the previously offered five years. At the end of the three-years the Airport will reassess the demand for ATM services.

The proposed Lease Agreement has been reviewed and determined to be exempt from environmental review.

PREPARED BY: Business & Property Division