



**City of Santa Barbara**  
Airport Department

**DATE:** July 19, 2017  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Airport Director  
**SUBJECT:** Implementation of the Airport Master Plan Fixed Base Operator Redevelopment Process

---

**RECOMMENDATION:**

That Commission receive a staff presentation regarding the implementation of the 2017 Airport Master Plan for the Fixed Base Operator redevelopment process.

**DISCUSSION:**

Redevelopment Proposed as Part of Draft Airport Master Plan

The draft Airport Master Plan is in the final stages of California Environmental Quality Act (CEQA) analysis review and the final Environmental Impact Report (EIR) is scheduled for Planning Commission consideration on August 10, 2017. The overall objectives of the draft Airport Master Plan are to identify and propose measures that improve airfield safety as well as consolidate commercial aviation operations south of the main runway, and general aviation operations north of the main runway. Currently, the Airport accommodates two general aviation FBO leasehold areas, and one of these is located to the south of the main runway.

The principle proposed change to the general aviation operation is the reconfiguration of the north-east corner of the airfield to accommodate two future FBOs north of the main runway. By relocating all FBO operations north of the runway, the Airport gains access to valuable land area suitable for expansion of the Airline Terminal parking lot, which is needed as passenger volumes increase. Expansion of parking adjacent to the Airline Terminal may eliminate the future need for costly and inconvenient passenger shuttling from the remote parking lot north of Hollister Avenue to the Airport.

The redevelopment of the FBO business will take place upon completion of a carefully orchestrated process including the issuance and evaluation of Request for Proposal (RFP) submittals from interested FBO companies.

## Santa Barbara Airport's FBO Business

The Airport currently supports two FBO businesses with a good degree of competition between them for customers in Santa Barbara. The two operators are Signature Flight Support and Atlantic Aviation. Both companies manage operationally sound businesses, collaborate well with the Airport, and provide the Santa Barbara customer base with a high level of customer service. Signature's leasehold is located north of the main runway along Hollister Avenue. Atlantic's leasehold is located south of the Airline Terminal on William Moffat Place. In terms of leasehold space size, Signature occupies more than twice the square footage as Atlantic.

In 1996, Signature Aviation assumed a lease between the City and Santa Barbara Aviation, Inc. executed in 1983, and subsequently negotiated new agreements with the Airport, with the last agreement commencing in 2012. Atlantic Aviation also has operated at the Airport since the early 1980s in a succession of agreements with the Airport. Both the Signature and Atlantic Aviation leases with the Airport are set to expire on May 8, 2018. In addition, each FBO has invested in its own fuel farm operation, both located on the north side of Airport property. The fuel farms are operated under separate agreements with the Airport; the Signature fuel farm lease will expire on March 12, 2027, and the Atlantic fuel farm lease will expire on August 27, 2031.

The Airport currently earns nearly \$900,000 annually from the FBO business in a combination of ground rent, building rent, landing fees and fuel flowage fees. The revenue growth trend over the last 10 years provides ample assurance that the Airport will continue to generate sufficient business to support two competing FBOs in the future. Due to the potential of the FBO market in Santa Barbara, and the fact that the business opportunities have not been available for competition in decades, the Airport believes that the competitive process may be particularly contentious, but at the same time improve the return to the Airport from the business.

## Contract Expiration and Project Phasing

The simultaneous expiration of the FBO agreements presents numerous challenges. Firstly, it is currently unclear by what schedule the draft Airport Master Plan will be implemented, which in turn influences the geographic footprint for each new FBO facility. Secondly, it is critical to maintain service to FBO customers during any potential transition of operators, which would be impossible with simultaneous re-development of both FBO leaseholds. Thirdly, the Airport is dependent upon steady revenue streams from the FBO business to help sustain the overall operation of the Airport.

Addressing the challenge of simultaneously expiring agreements will be one of the earliest components of an overall redevelopment strategy. The Airport believes that it will be necessary to keep the current FBO businesses in operation during the planning stages of the redevelopment effort. This will require the short-term extension of lease agreements for both Signature Flight Support and Atlantic Aviation. These short-term extensions would be negotiated with each company and would be proposed only under terms more favorable to the Airport for the duration of the extension.

### Selection of FBO Consultant

The importance of FBO service to the community, the vital revenue generation for the Airport, and the extremely competitive marketplace for FBO companies mean that a carefully planned phasing of the FBO re-development is critical. The level of scrutiny that the RFP process is likely to attract places particular importance on the integrity and transparency of the selection process. The Airport believes that it is a wise measure to contract with an experienced FBO development consultant to coordinate this process. Collaboration with such outside expertise will add an additional level of objectivity to the effort. The Airport plans to issue competitive Request for Qualifications (RFQ) process to select this consultant as one of the first steps in the redevelopment.

In order for the Airport to be assured that the future RFP requirements are in line with customer preferences and operators' investment capabilities, an initial phase of outreach and data gathering, led by the FBO consultant, will be time well-spent. Input would be sought in a 'design charrette' setting to include operators, FBO customers and other industry experts.

Based on the outcome of external input and a financial analysis, Airport staff would work with the FBO consultant to develop the RFP process for the new business opportunities. Once the FBO companies submit their proposals, the FBO consultant would facilitate a selection panel of individuals with aviation expertise – including staff from at least one other similar airport – to evaluate and score proposals and conduct any in-person presentations. As the final phase of the solicitation process, Airport staff would seek City Council approval of the new lease agreements with the selected proposers.

### Next Steps

The key to a successful solicitation process is clear communication about expectations and timelines. Airport staff is committed to managing a process with highest standards of confidentiality, impartiality and transparency. Below, a preliminary schedule for the solicitation reflects the timeframes necessary to assure a fair outcome.

Proposed Approximate Timeline	
July 19, 2017	Airport Commission Presentation on Redevelopment Process
July 24, 2017	Release RFQ for FBO Consultant
Proposed Approximate Timeline, continued	
September 26, 2017	Council Approval of Agreement with Selected FBO Consultant
October 1, 2017 – January 15, 2018	Solicit Industry/Stakeholder Input, Complete Market and Financial Analysis, Develop Redevelopment Scenarios and Site Planning
January 23, 2018	Approval of Phased Extensions of Current FBOs
Jan. 15 – March 12, 2018	Develop RFP Solicitation Documents and Process
March 13, 2018	Council Staff Presentation of RFP Solicitation Process
May 1, 2018	Release RFP for FBO Business – 90-day Response Period, including Site Visits and Proposer Q&A
June 18, 2018	Proposal Deadline
June 18 – August 20, 2018	<ul style="list-style-type: none"> <li>• Selection Panel Review</li> <li>• Proposer Notification</li> </ul>
September 11, 2018	Council Approval of Final FBO Agreements

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

**ATTACHMENT:** Maps of Current and Future FBO Footprints