



**City of Santa Barbara**  
Airport Department

Meeting: 02/21/18  
Agenda Item No. 10

**DATE:** February 21, 2018  
**TO:** Airport Commission  
**FROM:** Hazel Johns, Airport Director  
**SUBJECT:** Fixed Based Operator (FBO) Redevelopment Update

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**RECOMMENDATION:**

That Airport Commission receive a presentation about the next steps in the redevelopment of the Airport's FBO business as part of the City's recently approved long-range Airport Master Plan.

**DISCUSSION:**

In late 2017, the City Council approved the short-term extension of lease agreements with Santa Barbara Airport's two current FBOs, Signature Flight Support and Atlantic Aviation. The decision to extend these leases – negotiated on more favorable terms for the Airport – was part of a larger, methodical process to redevelop the leasehold footprint on the airfield for FBO operations. The Airport already had conducted an Request for Qualifications (RFQ) process and selected an aviation consultant, LeighFisher, to assist with the redevelopment process.

Phase I Efforts in 2018

The Airport has now negotiated the first phase of work with LeighFisher which is anticipated to take place during the first half of 2018. Subsequent phases of work will be negotiated to take place during the second half of 2018.

The Phase I activities chiefly consist of three types of work:

1. Market Assessment/Benchmarking Analysis
2. Situation Analysis
3. Stakeholder Engagement

Every part of the work will entail a close collaboration between LeighFisher's consultants assigned to the project and Airport staff, however, the responsibility for the first two analysis activities is more squarely the focus for LeighFisher. Conversely, Airport staff will shoulder the primary responsibility for the stakeholder engagement.

## LeighFisher Analysis

The market assessment and benchmarking entails establishing relative industry benchmarks for FBO rates and charges, types of facilities provided by excellent FBO operators, and the types of services that customers require from an FBO. The team also will look at the financial performance of four peer airports relative to the performance of SBA. The objective of the work is to determine strengths and weaknesses of the current FBO environment and gain an understanding of the potential for the future operation at SBA.

The situation analysis is more specific to understanding the current nature of general aviation activity at SBA. At the outset, the team will examine contractual agreements between relevant peer airports and FBO companies. For example, compensation models have evolved over the years since SBA first negotiated its FBO agreements and there may be some new models for compensation, such as a concession-based approach for some types of operations. The team will seek to validate the Master Plan's FAA-approved forecast for general aviation activity, including annual operations, the balance between local and itinerant users, the character of the general aviation fleet mix and peak period operations. Another key component will be to assess the current general aviation and FBO facilities and compare these to more recently re-developed FBOs in order to determine a highest and best use of a limited footprint. The analysis will generate an estimate of new facility requirements for the re-developed FBO leaseholds.

## Airport-Led Stakeholder Engagement

A significant amount of stakeholder outreach was conducted in conjunction with the development of the Master Plan, as 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 to inform the development process. FBO businesses which may seek to compete for future opportunities will be handled separately as a "Request for Information" process in order to learn about their interests.

**PREPARED BY:** Business Development/Marketing

**ATTACHMENT:** Draft Timeline

**PHASE I FBO REDEVELOPMENT SCHEDULE Q1 & Q2 2018**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Contract Execution	Route for Approvals 1/29					
Commission Presentations		Kick-Off 2/24 (LF)			Stakeholder Report (Airport) 5/23	Phase I Report 6/20 (LF)
Benchmarking/Market Assessment (LF)			Comparable Airports Study			Summary Report
Situation Analysis (LF)			Lease Terms Analysis Facility Needs			Summary Report Outline of Requirements
Stakeholder Engagement (Airport)			Meetings w/ stakeholders	Summary Report		