



City of Santa Barbara
Airport Department

Meeting: 08/15/18
Agenda Item No. 9

DATE: August 15, 2018
TO: Airport Commission
FROM: Hazel Johns, Airport Director
SUBJECT: Overview of LeighFisher Phase II FBO Redevelopment Scope

RECOMMENDATION:

That the Airport Commission receive a presentation regarding the Phase II FBO Redevelopment Project scope that will be completed by the Airport's consultant firm LeighFisher in collaboration with Airport staff during FY 2019 and FY 2020.

DISCUSSION:

Phase I FBO Analysis

As a key part of the Airport's Master Plan, the current fixed base operator (FBO) locations will be redeveloped which will result in two new FBO footprints of approximately equal size on the north side of the airfield, adjacent to Hollister Avenue. The redevelopment of the FBO business will take place upon the completion of a carefully orchestrated process including the issuance and evaluation of Request for Proposal (RFP) submittals from interested FBO companies.

The redevelopment of the FBO business and its airfield operations is a long-term commitment. As is typical at other airports, future FBO companies will likely make a multi-million dollar private sector investment in Santa Barbara, which will require as much as 30 years to amortize that investment. The FBO business also is one of the most important sources of revenue for the Airport, and one with significant potential for growth. For these reasons, great care must be taken to analyze and understand to the greatest degree possible, all aspects of the opportunity ultimately offered to the marketplace. In February 2018, the Airport executed a professional services agreement with industry consultant LeighFisher to assist the Airport with this process.

The work under LeighFisher has been apportioned in two phases. An introductory Phase I has been completed. The Phase I work included a market analysis and benchmarking study of similarly situated airports with FBO facilities. By completing this work, we understand how Santa Barbara may likely compete with other airports for FBO customers. For many years, the existing FBOs have cited a lack of capacity for transient (short-term) parking and aircraft storage as an impediment to realizing the market's full potential. The Phase I summary report suggests that this is in fact the case.

Primarily, private and corporate jet aircraft have based at other airports such as Camarillo and Oxnard in lieu of Santa Barbara.

The reversion of the Northeast hangar facility at 495 S. Fairview has helped to bring new business to Santa Barbara, however, it has not satisfied current demand nor will it be able to support growth of this business sector in the future.

Preparation for Phase II

The most significant work in the redevelopment process is yet to come. LeighFisher has worked with Airport staff to develop a scope of work that will move the process through to the final selection of future FBO operators in 2020. In summary, the Phase II work will include four distinct tasks or work products, as follows:

Development Plan: Develop reasonable leasehold infrastructure concepts, including identifying infrastructure challenges such as stormwater treatment and operational safety. The plan will also determine how investments may be financed by either the FBO, the Airport or via FAA grant funding. Design charrettes will be part of this task.

Financial Plan: Develop indicative financial proformas for up to a 30-year period including projected revenue per year and benchmarks for financial resources required to successfully operate an FBO.

Business Plan: Assist with development of operating terms with the FBOs reflecting changes in the FBO industry as well as support negotiations with FBOs or other third parties.

Solicitation Plan: Assist in the development of the RFP document and process, including timetables for submission and evaluation.

Timetable

The scope of work in Phase II is anticipated to be completed partially in FY2019 and the remainder in FY2020, as will be driven by available funding for consultant services in the Airport Department operating budget.

PREPARED BY: Business Development/Properties