



City of Santa Barbara
Airport Department

Meeting: 11/26/18
Agenda Item No. 8

DATE: November 26, 2018
TO: Airport Commission
FROM: Aaron Keller, Interim Airport Director **AK**
SUBJECT: FBO Redevelopment Project Update

RECOMMENDATION:

That Commission receive a presentation about recent staff work on the FBO redevelopment, the finalized project scope with consultant LeighFisher, and the revised timeline for the redevelopment.

DISCUSSION:

Phase II FBO Redevelopment Planning

In late August, the Airport's consultant, LeighFisher, presented an overview of the next phase of planning work for the FBO redevelopment. In the intervening three months since, Airport staff have worked to negotiate the services contract with the firm. A considerable hurdle has been the budgetary constraints for consultant services this year. Nonetheless, the professional services agreement will soon be presented for approval to the City Council. Work is anticipated to begin again in earnest before the holidays.

Critical Path Considerations

More recently, multi-disciplinary staff groups have engaged in discussion about the complexity of the redevelopment project and a number of critical path considerations. Much of the current timeline for the redevelopment of the FBO leaseholds has been based on business considerations, such as the expiration of short-term lease extensions for the current FBOs.

However, as a result of thoughtful discussions, staff have identified a number of potentially far more significant considerations. One such critical path matter is the completion of Taxiway H. A key objective of the master plan's proposed relocation of the FBO leaseholds to the north side of the airfield is reducing active runway crossings in identified 'hot spots'. The Taxiway H extension will be supported by Federal Airport Improvement Grant (AIP) funding. In recent discussions with the FAA, the agency has requested that construction be slated for one year later than originally planned. Staff believes that construction on the extension will be complete in late 2024. If the FBO relocation to the north side of the airfield was accelerated to be complete prior to the completion of Taxiway H, it is highly likely that the Airport might exacerbate a risk that it intended to mitigate with the FBO redevelopment.

One of the greatest ‘unknowns’ of the FBO redevelopment and relocation is the identification of required new infrastructure, and/or required provisions for stormwater management. The next phase of work with the Airport’s consultant will focus on infrastructure issues such as these. The magnitude of new investment in such infrastructure is currently beyond the Airport’s ability to estimate. The Airport must also identify the financial investments, whether they are a tenant investment, an Airport investment or potentially eligible for Federal grant funding. The only certainty is that it will take time to study, plan and potentially fund new infrastructure. In order to maximize the revenue opportunity of the redevelopment, the Airport must carefully weigh such decisions. Additionally, the existing fuel farm infrastructure built by the current FBOs must be evaluated. They are leased under separate long-term agreements far into the next decade.

Once the competitive selection is complete and new agreements negotiated, a new process will begin to design, permit and construct new FBO facilities. With recent experience of permitting projects such as the 6100 Hollister industrial development and the future automobile dealership – projects that did not require Coastal Commission review as will be the case for future airfield improvements – it appears to be a prudent and realistic strategy to plan for a lengthy design and permitting process. The design and permitting process for new air centers, for example, could take 2-3 years.

All of these considerations, and likely others unforeseen, illustrate the need to extend the current planning horizon for completion of the redevelopment. A more likely scenario is one where new FBO agreements are awarded and executed in the year 2021. Presuming a lengthy process for construction of new FBO facilities, the completed relocation may then coincide with the completion of Taxiway H in 2024.

Current Agreements

The current FBO service providers’ lease agreements are set to expire, or transition into holdover status if no other action is taken, on May 31, 2020. In early 2020, the Airport will need to consider the appropriate course of action with regard to FBO services until such time as a competitive process is completed and a more definitive plan for transition can be established.

PREPARED BY: Business Development/Properties