

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager

SUBJECT: Airport Fixed Based Operator (FBO) Selection

DATE: December 7, 2010

Needs: For the City Council to select an airport Fixed Base Operator (FBO) and direct staff to initiate lease negotiations.

Facts:

1. In June of this year, the City released a Request for Proposals (RFP) for qualified parties to submit proposals for the Fixed Base Operator (FBO) and fueling services at the Municipal Airport (copy attached).
2. The City Council assigned an FBO Selection Committee that consists of two City Council members (Ed Steinbeck and John Hamon) and the Chairman of the Citizen's Airport Advisory Committee (Wayne Caruthers).
3. The Selection Committee oversaw the preparation of the RFP, the screening of FBO candidates, and the oral panel interview process.
4. The following is a summary of RFP related steps:
 - May 4 City Council established Selection Committee
 - June 18 RFP Distribution
 - July 15 Walk-through of FBO facilities with candidates
 - August 5 Proposals Due
 - August/Sept. Selection Committee screening & data collection
 - October 29 Selection Committee Panel Interview of candidates
5. Five proposals were received by the deadline. The Selection Committee, reviewed the five proposals and narrowed the list of oral panel invitations to the following three candidate teams:
 - Sinton Helicopters
 - Aviation Consultants, Inc. (ACI)
 - Optimal Aviation Services, LLC
6. On October 29, 2010 the Selection Committee conducted oral interviews and explored the strengths of each candidate team in relation selection criteria including:
 - Adherence to Airport Minimum Standards
 - Demonstrated operating/ management experience of a full service FBO

- Experience of management personnel and relevant business experience
 - Demonstrated experience with fuel handling standards and guidelines
 - Feasibility and viability of proposed operation
 - Financial resources and stability
 - Overall benefit and advantage to the Municipal Airport Enterprise
7. At the conclusion of the panel interviews, the Selection Committee's ranking of the candidates was unanimous.
 8. On November 16, 2010 the City Council conducted a closed session meeting to discuss the business framework and lease terms/parameters for future negotiation of an FBO lease. No candidate selection was proposed or intended at that meeting.
 9. Once the City Council makes their candidate selection, city staff will pursue lease negotiations in accordance with the Council's business directives. The negotiated lease agreement will be presented to the City Council for consideration and final action at a later date.

Analysis &
Conclusion:

The selection of a quality Fixed Base Operator and successful negotiation of a mutually beneficial lease is a key business goal for the City's Airport enterprise. The City Council's Selection Committee worked diligently to determine the quality of proposals received and to utilize the panel interviews to clearly understand the candidates' specific business vision for the Paso Robles Airport.

The business framework, confirmed by the City Council, would place high value on a candidate's ability to:

- Maximize a guaranteed monthly/annual income to the airport enterprise
- Develop/pursue marketing efforts to enhance aviation & visitor services
- Assume the task/risk of lease management for the primary FBO building

The following chart illustrates the Selection Committee's comparative rankings of candidates in the context of these criteria.

FBO Candidate	Marketing Services	Lease Management	Building Area to be Leased
ACI	Yes	Yes	All FBO space
Sinton Helicopters	Yes	Yes	Downstairs only
Optimal Aviation	Yes	No	Terminal only

Based on the amount of square footage to be rented and managed by the FBO, the ACI proposal has the greatest potential to maximize annual airport lease revenue. The Selection Committee found the ACI proposal as most responsive to RFP selection criteria, including the fundamental priority of business benefit to the Airport enterprise.

Policy

Reference: Council 2008-2011 Goals (Goal - C3) to develop the Airport and improve/expand general aviation, commercial and visitor service.

Fiscal

Impact: Fiscal impact analysis of any future lease negotiations will be brought forward at the time that a Lease is recommended for City Council consideration.

- Options:
- A. Adopt the attached resolution accepting the FBO Selection Committee's recommendation to select Aviation Consultants Inc. (ACI) as the successful FBO candidate and to direct staff to begin lease negotiations in accordance with established lease parameter directives; or
 - B. Amend, modify, or reject the above option.

Attachments:

1. Resolution selecting FBO candidate and initiating lease discussions
2. Request for Proposals (RFP) – dated June 18, 2010
3. Summary of Interviewee FBO Candidate Proposals

RESOLUTION NO. 10-xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
APPROVING THE SELECTION OF AVIATION CONSULTANTS INC. AS THE FBO
AT THE MUNICIPAL AIRPORT AND AUTHORIZING THE NEGOTIATION OF A
LEASE AGREEMENT

WHEREAS, the selection of a high-quality Fixed Base Operator and successful negotiation of a mutually beneficial lease is a key business goal for the City's Airport enterprise; and

WHEREAS, in June of 2010, the City circulated a Request for Proposals (RFP) for qualified parties to submit proposals to be a designated Fixed Base Operator (FBO) to provide fueling and other services at the Municipal Airport; and

WHEREAS, the City Council appointed an FBO Selection Committee that consists of two City Council members (Ed Steinbeck and John Hamon) and the Chairman of the Citizen's Airport Advisory Committee (Wayne Caruthers); and

WHEREAS, the Selection Committee oversaw the preparation of the RFP, the screening of FBO candidates, and the oral panel interview process; and

WHEREAS, all reasonable efforts were made to ensure that the selection process was open and competitive; and

WHEREAS, the RFP process included an opportunity for potential candidates to walk through the available facilities on July 15; and

WHEREAS, five (5) proposals were received by the August 5, 2010 deadline and the Selection Committee reviewed the five proposals and invited three candidate teams to oral interviews; and

WHEREAS, on October 29, 2010 the Selection Committee conducted oral interviews and explored the relative strengths of each candidate team based on the criteria listed in the RFP; and

WHEREAS, at the conclusion of the panel interviews, the Selection Committee unanimously agreed that the proposal from Aviation Consultants Inc. (ACI) was the most responsive to the RFP, and would provide the greatest business benefit to the Airport enterprise; and

WHEREAS, on November 16, 2010 the City Council conducted a closed session meeting to discuss the business framework and lease terms/parameters for future negotiation of an FBO lease, but no candidate selection was proposed or intended at that meeting; and

WHEREAS, once the City Council selects the FBO, lease negotiations will be conducted in accordance with the Council's business directives and a negotiated lease agreement will be presented to the City Council for consideration and final action at a later date.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council hereby confirms the Selection Committee's recommendation to select Aviation Consultants Inc. (ACI) as the FBO candidate in the 2010 FBO selection process.

Section 2. The City Manager is authorized and directed to negotiate a lease on behalf of the City in accordance with the lease parameters established at the November 16, 2010 closed session meeting. Upon conclusion of the negotiations, the proposed Lease with ACI will be brought to the City Council for approval.

PASSED AND ADOPTED this 7th day of December, 2010, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

Attest:

Caryn Jackson, Deputy City Clerk



CITY OF EL PASO DE ROBLES
"The Pass of the Oaks"

Request for Proposals
Municipal Airport Fixed Based Operator

	NOTICE TO PROPOSERS
Solicitation of Proposals	<p>The City of Paso Robles is seeking an experienced, reliable professional to establish and operate a full-service fixed base operation on the Paso Robles Municipal Airport. This service would be a focal point of the airport, providing a full complement of aviation services to the flying public, both local and the itinerant visitor to the area.</p>
Airport Facts	<p>The Airport, owned and operated by the City of Paso Robles, consists of 1300 acres, located 4 miles northeast of the city center. The 6,000' main runway is capable of supporting aircraft up to 150,000 lbs. The alternate runway is 4,700' with a 60,000 lb. weight limit. The airport is served by adequate instrument approach procedures.</p> <p>The 200 aircraft based on the airport are mostly private, general aviation, with a few of the larger craft (twin-engine Cessna, Beechcraft) being used for business purposes. The California Highway Patrol (CHP) operates three aircraft from its facility on the field. The California Department of Forestry (CalFire) operates an Air Tanker Base, which supports significant fire suppression activity during the summer months. This accounts for an estimated total of 30,000 annual airport operations.</p> <p>Airport fueling services have historically been operated by a private entity under a lease and service agreement to the City. The airport sells approximately 500,000 gallons of combined Aviation and Jet A fuel each year.</p> <p>The City maintains the airport to the standards prescribed in Part 139 of Federal Air Regulations (FAR). This includes those requirements for fuel handling, certification and training for both fueling equipment and personnel. All other pertinent standards shall be maintained, including the requirements of National Fire Protection Association (NFPA) Part 407 and Airline Transportation Association (ATA) Specification 103, as applicable.</p>
FBO Facility	<p><u>BUILDING & HANGAR SPACE:</u></p> <p>The available FBO facility is a two story building. The ground level includes 10,000 square feet of hangar, 4,000 square feet of adjoining office suites and reception space, and 1,500 square feet of enclosed storage/support area. The second floor consists of an additional 4,000 square feet of office suites with fully independent access from the first floor. The FBO facility is partially occupied at the present time by two month-to-month tenants as follows:</p> <ul style="list-style-type: none">a) Downstairs hangar and adjunct storage/support area is occupied by a sole proprietor aircraft mechanic.b) Upstairs office suites are occupied by a jet charter service who dispatches their flights from this location.

	<p>The proposal should indicate the extent of facility area needed by the new FBO operations and whether, and if so how, current tenant(s) would be accommodated or transitioned depending on the structure of the FBO's business plan.</p> <p><u>PARKING & RAMP SPACE</u></p> <p>The lease site includes a 14,000 square foot vehicle parking area (42 spaces). It also fronts on a main aircraft apron area, which is public ramp, but can have designated aircraft parking spaces identified for the FBO services. The total leased area of the hangar and parking lot parcel is 1.33 acres.</p> <p><u>FUELING FACILITIES</u></p> <p>FBO operation includes fueling services, both self and full service. The existing underground fuel facility located in the front apron area consists of three (3) 12,000 gallon tanks with associated piping and dispensing equipment to accommodate the loading of refueling trucks and self-service directly into light aircraft. One tank is dedicated to 100LL AvGas. Two are available for Jet Fuel.</p> <p>The proposal should indicate fueling service plan to accommodate CalFire Air Tanker fueling needs throughout the fire season.</p> <p><u>AIRPORT TERMINAL</u></p> <p>Optional supplemental 546 square feet of "concourse" area is available in the ground floor of the main Terminal building subject to a demonstrated enhancement to aviation service and/or visitor needs and how operations could be integrated between facilities.</p> <hr/>
Scope of Proposals	<p>The submittal shall provide the Proposer's financial and professional ability and experience, as well as a business strategy (i.e., business plan) to organize, manage and operate a full-service FBO within the existing facility on the Airport. The content of the proposal should include elements of the proposed operation, including:</p> <ul style="list-style-type: none"> • A list of proposed services to be offered in order to comply with the requirements of Airport Regulations and the Minimum Standards for Aeronautical Activities. • A brief outline of each service, the proposed scope and extent of the service to be offered, including key personnel who will perform said service and their qualifications, certifications and experience. • Identification of the intended clientele, both local and any existing client base that would relocate or be attracted to the proposed facility. • A conceptual plan for marketing the various services provided and identification of how said services will be integrated into the local business community and complement the existing local efforts of promotion and tourism in the area. • The qualifications and experience levels of those key staff charged with the overall task of implementing the operation. • A suggested process for periodic reporting of progress towards goals contained in the Business Plan. <hr/>
Minimum Qualifications	<p>Proposers must demonstrate their experience and financial resources to meet the minimum qualifications as required under this RFP, including but not limited to the following:</p> <ul style="list-style-type: none"> • Evidence of five (5) years of continuous experience within the last ten (10) years in ownership and/or operation of a full-service FBO at an airport with at least a mix of air traffic operations comparable to Paso Robles, or equivalent relevant experience.

	<ul style="list-style-type: none"> • Evidence that the Proposer is authorized to conduct business in the State of California for all aspects of the business it proposes including any and all required licenses and permits required by local, state and federal regulatory agencies prior to the start of operations. • Financial resources capable of sustaining the proposed operation, as determined reasonable by the City and specified in the adopted Airport Minimum Standards. • Positive references from those associated with current and previous operations similar to those being proposed. • Adequate qualified personnel to provide the services proposed. <hr/>
Additional Requirements	<p>Airport Security, including FAR Part 107, requirements may include additional security provisions for operations on the Aircraft Operating Area (AOA). It may also include business and personnel background checks and credential and badge identification of employees.</p> <p>The Airport will require additional procedures and requirements for any employee operating within the AOA and around aircraft. Personnel should be familiar with and qualified to conduct the business of the FBO within that environment.</p> <hr/>
Premise Tour	<p>Interested parties can inspect the FBO facilities during a premise tour on Thursday, July 15, 2010 at 3:30 PM. Questions regarding the RFP will be collectively addressed by City representatives during this on-site meeting.</p> <hr/>
Proposal Deadline	<p>Proposals are due, as follows:</p> <p style="margin-left: 40px;">Date: August 5, 2010 Time: 5:00 P.M. Location: City of Paso Robles City Manager's Office 1000 Spring Street Paso Robles, CA 93446</p> <p>Copies of this RFP and other pertinent information are available on the Airport website, www.pasoairport.com.</p> <hr/>
Addenda	<p>Any written addenda to the RFP issued by the City during the proposal period will be posted at the aforementioned City website and will be considered a part of this RFP.</p> <p><i>Warning: The City, its officers, agents, and employees will not be responsible for any oral instruction, modification or clarification and the Proposer shall not be entitled to rely upon such oral communications.</i></p> <hr/>
Evaluation of Proposals	<p>Each proposal will be reviewed for conformance to the requirements of this RFP including <u>but not limited to</u> the following:</p> <ul style="list-style-type: none"> • Demonstrated operating and management experience of a full-service FBO and related aeronautical service activities, experience of management personnel and relevant business experience;

	<ul style="list-style-type: none"> • Demonstrated experience with the compliance with FAR Part 139 and related fuel handling standards and guidelines; • Demonstrated financial strength and capacity to finance the anticipated operation; • The feasibility and viability of the proposed operation, including the proposed list of services to be provided. For those services proposed that will be provided by others, the suitability of a long-term sub-agreement to assure the continued availability of said services will be reviewed. • Demonstration of capital reinvestment in and service growth on the Paso Robles Airport. <p>Qualified Proposers will be subject to an interview process.</p> <hr/>
Right to Reject	<p>The City is not limited in its proposal evaluation to the criteria noted in the RFP. Rather, the City may choose the proposal that appears to provide the City greatest advantage. It expressly reserves the right to reject any and/or all proposals received.</p> <hr/>
Agreement	<p>If a proposal is deemed acceptable to the City, the parties may negotiate a facility Lease Agreement. If the negotiations are successfully concluded, the Lease will be presented to the City Council for consideration. The City Council, in its sole discretion, may approve or reject the proposed Lease Agreement. Their decision is final.</p> <hr/>
Website Exhibits and Photo Gallery	<p>The following are available for review at: www.pasoairport.com</p> <ul style="list-style-type: none"> • Site/Area Plan of FBO Facility and Ramp • Floor Plan of FBO Facility • Airport Rules and Regulations / Minimum Standards • Standard Lease Document • Airport Master Plan • Facilities photos • Fuel Sales History

Summary of FBO Candidate Proposals

Interviewed on 10/29/10

Aviation Consultants Inc. (ACI)

- Lease all the FBO building (upstairs and downstairs) and Concourse in Terminal
- Invest in appearance/functionality of existing facilities (e.g. painting, new carpet)
- Will accommodate current prop engine aircraft mechanic tenant in FBO hanger
- Mechanical services expanded to provide on-call turbine engine repair
- Sub lease FBO space where possible w/ focus on start-up of on-airport businesses
- Create a service presence in Terminal
- Increase marketing effort to heighten fuel sales and aircraft operations
- Use existing in-house marketing staff w/specific experience in the aviation field

Paso Robles Aviation (Sinton Helicopters)

- Lease downstairs portion of the FBO building and Concourse in Terminal
- Will accommodate current prop engine aircraft mechanic tenant in FBO hanger
- Partially relocate Sinton Helicopters to FBO building
- Helicopter Repair and Charter Service continues on airport
- Create a service presence in Terminal
- Increase marketing effort to heighten fuel sales and aircraft operations
- Future Business Development Manager planned

Optimal Aviation Services

- Lease only concourse area in terminal to operate fuel sales
- Create a service presence in Terminal
- Leave leasing of FBO building to City of Paso Robles
- Increase marketing effort to heighten fuel sales and aircraft operations
- Retain a marketing firm to assist in implementation of a Marketing Plan