



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** April 15, 2014

**TO:** Mayor and Councilmembers

**FROM:** Airport Administration, Airport Department

**SUBJECT:** Presentation And Amended Contract For Air Service Development

**RECOMMENDATION:** That Council:

- A. Receive a presentation on air service development at the Airport; and
- B. Authorize the Airport Director to execute an Amendment to Contract No. 24,677 with InterVISTAS Consulting LLC to amend the scope of services to include a passenger leakage study for the Santa Barbara Airport, increasing the contract amount from \$40,000 to \$62,500.

### **DISCUSSION:**

The Airport has contracted for specialized air service development services since 1979 to assist the Airport staff in maintaining and enhancing airline service and pursuing new air service opportunities. During the last decade the airlines have taken major steps to reduce costs by shifting types of aircraft, cutting back on capacity, and through mergers consolidated route structures.

The presentation will address the status of the airline industry, impacts to Santa Barbara's service, and actions being taken to maintain and enhance service.

### Background

In 2013, the Airport solicited Statements of Qualifications (RFQ) from experienced firms providing air service development consulting services. On December 17, 2013, Council approved a contract with InterVISTAS Consulting, LLC, to provide air service consulting services for the Airport.

### Scope of Services

The original scope of services outlined consultant support for the Airport to implement an effective, comprehensive passenger development program to maintain and improve domestic air service.

The loss of American Eagle flights to Los Angeles on April 1, 2014, will result in a 13% decrease in enplaned passengers and a related reduction in associated revenue including parking, food and beverage sales, gift shop sales, and rental car usage.

Staff is proposing an increase to the scope of services of the InterVISTAS contract to include a "leakage study" assessing the passenger volume from an expanded catchment area of the Santa Barbara Municipal Airport including passengers that utilize neighboring airports. The results of the leakage study will provide specific data to assist the Airport in presenting business proposals to the airlines by identifying market sizes and projecting profitability for new and/or expanded air service.

**BUDGET/FINANCIAL INFORMATION:**

Funds for the contract amendment are available and appropriated in the Airport Department's Fiscal Year 2014 operating budget.

**PREPARED BY:** Hazel Johns, Acting Airport Director

**SUBMITTED BY:** Hazel Johns, Acting Airport Director

**APPROVED BY:** City Administrator's Office