



**Kenneth M. Mead**  
General Counsel

October 5, 2017

Commissioner Karen M. Kahn  
Chair  
Airport Commission  
City of Santa Barbara  
601 Firestone Road  
Santa Barbara, CA 93117

**Re: SBA FBO Request for Proposal Recommendations**

Dear Commissioner Kahn:

The Aircraft Owners and Pilots Association (AOPA) understands the Santa Barbara Airport (SBA) is in the process of preparing and implementing a plan for redeveloping SBA's fixed-base operator (FBO) businesses, which will include the issuance of a request for proposal (RFP) for two FBO leaseholds. We commend the Airport Commission (Commission) for taking steps to encourage FBO competition, and thank you for allowing AOPA to provide input into this important process. The actions being taken by the Commission and the attention given to this matter serve as testimony to good governance principles at work in the airport community, locally and nationally. We are pleased to offer the enclosed recommendations for RFP criteria and requirements which will ensure the City of Santa Barbara (City) protects affordable access to the airport and complies with its obligations under the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP).

Since 2005, under the FAA's AIP, the airport has received and benefited from over \$58 million in federal grants for maintaining and improving the airport for the public's benefit. In exchange for the investment of those funds, the City, as the owner and sponsor, obligated itself to a series of FAA grant assurances, including the requirement to make the airport available for public use on reasonable conditions and without unjust discrimination. (49 U.S.C. §§ 47101(a)(9), (d), 47107(a)(1); Assurance 22(a).) As a component of protecting public access, the City agreed to ensure that FBOs are charging reasonable and not unjustly discriminatory prices for any aeronautical services rendered. (49 U.S.C. § 47107(a)(1); Assurance 22(b)(2).)

AOPA has seen a continued rise of certain FBOs occupying significant power and control over transient operator access to public-use airports and, by extension, the surrounding communities. The airport's governing body has a responsibility under its grant obligations to retain a certain level of oversight control over the FBO to protect the City's interests and prevent the FBO, through its pricing, from deterring or restricting access to the community. The FAA requires FBO pricing to be reasonable in order to protect access to communities like Santa Barbara and ensure that egregious pricing does not deprive users of fully realizing developments paid for by taxpayers.

As you may know, AOPA has received a number of complaints regarding the egregious FBO pricing at SBA, particularly high fuel prices and fees for use of ramp space. While SBA has had two FBOs consistently operating at the airport for decades, both FBO lease agreements are set to expire in May 2018. When selecting an FBO for the airport, the FAA recently emphasized the airport's "right and responsibility" to consider pricing during the evaluation process. (*Signature Flight Support Corp. v. Cty. of Orange*, FAA Docket No. 16-17-02, at 6 (July 21, 2017).) AOPA applauds the Commission and City Council (Council) for fulfilling this obligation through the RFP, which will stimulate

competition, drive FBO pricing down, and ensure the most beneficial FBO arrangement for the City and airport users.

In a report to the Commission, the SBA airport manager emphasized the need for the airport to be assured that the future RFP requirements are consistent and aligned with the preferences and needs of FBO customers. As the world's largest aviation membership organization, AOPA appreciates the airport's willingness to better understand its users and agrees this is a necessary step to produce a successful FBO redevelopment. AOPA has made it a priority to ensure the affordability of accessing public-use airports by facilitating effective FBO competition to reduce egregious FBO pricing and fees.

Please find enclosed recommendations for ensuring the SBA RFP requirements and criteria, including any accompanying FBO lease agreements, are aligned with the needs of the GA community and FBO customers. This document outlines the core concepts and criteria necessary to achieve three critical objectives: (1) strengthen the airport's ability to comply with its AIP grant assurances by ensuring more reasonable and competitive pricing, fees, and terms of service for airport users; (2) increase the transparency over fees and terms of service imposed on FBO customers; and (3) provide competing FBOs with clearer expectations on the type of service sought by airport users.

On behalf of pilots across the country, AOPA thanks the Commission for considering these recommendations and working to facilitate competition. We stand ready to assist in the development of an RFP which will increase affordable access to the local community of Santa Barbara for all airport users, and enable the City to fulfill its grant obligations.

Sincerely,



Ken Mead  
General Counsel &  
Executive Vice President

Enclosure

cc:

Craig Arcuri, Member, SBA Airport Commission  
Carl L. Hopkins, Member, SBA Airport Commission  
Dolores Johnson, Member, SBA Airport Commission  
Kirk A. Martin, Member, SBA Airport Commission  
Bruce Miller, Member, SBA Airport Commission  
James Wilson, Member, SBA Airport Commission  
Hazel Johns, Manager, Santa Barbara Airport

## Recommendations for SBA FBO Request for Proposals

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AOPA strongly believes the SBA Airport Commission's RFP criteria and requirements must advance the goal of protecting reasonable public access to the airport and ensuring the FBO's pricing and pricing practices are reasonable for all airport users. To further this objective, AOPA has outlined recommendations for FBO RFP criteria, including the lease agreement, for the provision of FBO services at SBA. AOPA recommends the Commission incorporate these concepts into the RFP documents and emphasizes the importance of this effort to the GA community, airport users, and residents of Santa Barbara.

1. **Each FBO should disclose the scope of services it intends to provide to all types of aircraft and customers.** The Commission's RFP should require each FBO to describe the scope of services to be provided by the FBO, and explain how and whether services will be made to a wide range of aircraft types and customers, including based and transient operators. These criteria will ensure the FBO is adequately providing an appropriate scope of services to airport users and the City.
2. **Each FBO should explain how it intends to ensure that prices, fees, and charges imposed on aeronautical users for each aeronautical service will be fair and reasonable.** The RFP should require each FBO to:
  - a. List its prices, fees, and charges for each aeronautical service;
  - b. Explain the method and manner by which those prices, fees, and charges are established;
  - c. Describe how customers receiving aeronautical services will not be required to pay for the FBO's costs to provide non-aeronautical services;
  - d. Explain how each FBO will maintain those prices, fees, and charges at reasonable and not unjustly discriminatory levels over the course of the lease.

In any lease accompanying the RFP, the Commission should preclude the FBO from requiring any airport user, without consent, to purchase fuel or any other service from the FBO as a condition to use a hangar or tie-down parking space.

3. **Each FBO should publicly disclose the prices, fees, and charges, and the terms and conditions for the FBO's provision of aeronautical services.** Aircraft owners and operators have difficulty discerning prices, fees, charges, and terms and conditions of FBO services. Rates and fees change with little to no notice to the GA community. This prevents users from predicting costs and making informed choices, and hinders the airport's ability to monitor and ensure the reasonableness of the FBO's fees. In the RFP, each FBO should be required to explain how the FBO will publicly disclose, in real time and online, the prices, fees, charges, and terms and conditions for the FBO's provision of aeronautical services, including any variances of those rates or terms by make or model of aircraft. The method and manner by which the FBO will make this public disclosure should be incorporated into the FBO lease agreement. The FBO should also be required to archive all pricing information for each aeronautical service for at least a five (5) year period, and make it available to the airport upon request.

4. **The Council and Commission should increase its ability to conduct oversight over the FBO and ensure compliance with its grant assurances.** The Council and Commission have a responsibility to conduct oversight over the FBO's pricing and terms and conditions of service to ensure they are within the ballpark of reasonable and to protect public access to the airport. In the FBO lease agreement, the Commission should require the FBO to:
  - a. Allow the airport, upon reasonable notice, to audit and examine the financial statements of the FBO and related documents pertaining to the FBO's compliance with Grant Assurance 22;
  - b. Obtain written approval from the airport for any changes in the method and manner by which FBO prices, fees, and charges are established;
  - c. Obtain written approval from the airport before subleasing, transferring, or assigning the leasehold to any third party; and
  - d. Comply with any SBA minimum standards, as amended in the future, to ensure the airport can impose additional requirements should the need arise.

Any failure of the FBO to fulfill these obligations should constitute a material breach and entitle the airport to terminate the lease agreement.

5. **The Council and Commission should improve its ability to enforce the FBO's compliance with the airport's grant assurances if circumstances warrant.** FBOs possessing significant power over airport access have an obligation to protect the airport for public use through reasonable and fair pricing. On occasion, however, the FBO fails to fulfill this responsibility and the airport needs appropriate authority to protect its interests and ensure compliance with its grant obligations. Thus, AOPA recommends the FBO lease agreement require the FBO to take any and all corrective actions to ensure compliance if the FAA finds the FBO's pricing or pricing practices put the airport in violation of its grant assurances. The airport should also be permitted to recover any losses, damages, expenses, and costs, including any loss of federal grant funds, incurred by the airport to bring the FBO into compliance.