

COUNCIL ACTION FORM

SUBJECT: SELECTION OF FIXED BASE OPERATOR
FOR AMES MUNICIPAL AIRPORT

BACKGROUND:

On June 11, 2013, City Council approved an extension of the current Fixed Base Operator (FBO) contract until such time that the new Terminal Building is constructed or upon 30-day written notice of a newly established termination date. Given the current vision for the future of the Ames Airport as a gateway to the community, it was decided that it will be in the best interest of the City to create a new FBO lease contract to coincide with the award of contract to construct the new Terminal Building. This building improvement will facilitate enhanced services at the Airport that will need to be included in the Minimum Operating Standards of a new FBO management contract.

THE SELECTION PROCESS:

In Fall of 2015, City Council approved the final scope and funding for the Terminal Building to create a new 7,000 square foot facility. In response, staff established an FBO Selection Advisory Committee using a subset of the Terminal Building Design Focus Group. This committee consisted of Damion Pregitzer, John Joiner, Steve Schainker, Miles Lackey (ISU), Jim Kurtenbach (ISU), Derek Winkel (REG), Dean Hunziker, Justin Dodge (Hunziker) and Dave Hurst (ISU Pilot). The committee then began work on drafting a Request for Proposals (RFP), which was issued to the public on April 4, 2016. The RFP outlined the qualifications, services, and proposed fees both paid to the FBO to operate the airport as well as to the City for the ability to use the airport facilities to conduct their business.

Proposals were due for submittal on June 3, 2016. Potential FBO's had the opportunity to schedule a site visit with staff during this time to ask questions and gain a better understanding for the desired services. The following three FBO's responded to the RFP: (1) North Iowa Air Service of Mason City, Iowa, (2) Classic Aviation of Pella, Iowa, and (3) Exec 1 Aviation of Ankeny, Iowa. Given the small number of FBO's that submitted a proposal, the advisory committee opted to bring all three FBO's on-site to participate in an interview process. The committee met with the first two FBO's on July 14 in the Council Chambers, and the third on July 20.

Scoring for the selection process followed the format laid out on the next page:

Category	Points
A. FBO Business Information	10
General Information	
Financial Fitness	
References	
B. FBO Business Plan	20
Operations Plan	
Management Structure and Operating Personnel Schedule	
Marketing Program	
Customer Service Plan	
C. Payment to the City for Operational Privilege	*
Facility Management and Use	
Fuel Flowage for Jet A	
Fuel Flowage for 100LL	
D. Payment to the FBO for Management Services	*
FBO Services (Required + Optional)	
Snow and Ice Maintenance (oversight only)	
Mowing and Trimming Maintenance (oversight only)	
*Category C & D together =	70
Total Points =	100

THE FINANCIAL PROPOSALS:

The following table represents the projected financial benefit to the City offered by each firm over a five year contract period.

Firm Name	Facility Fee Paid to the City Over 5 Years	Fuel Revenue Paid to the City Over 5 Years*	Management Fee Paid to the FBO Over 5 Years	Net Revenue to the City Over 5 Years
Classic Aviation	\$400,000	\$58,751	\$150,000	\$308,751
North Iowa Air Service	\$301,018	\$47,000	\$0	\$348,018
Exec-1 Aviation	\$500,000	\$0	\$110,000	\$390,000

*Revenue estimated based on 93,435 gallons per year of jet fuel and 24,067 gallons per year of low-lead fuel (represents 2015 totals)

ADVISORY COMMITTEE RANKING:

After applying the selection scoring matrix reflected above, the advisory committee generated a composite score for each FBO. This score was based upon the information

presented during the firms' respective proposals and garnered during their on-site interviews. The resulting score for each FBO is as follows:

FBO	Score
Classic Aviation	74
North Iowa Air Service	73
Exec 1 Aviation	66

Classic Aviation of Pella, Iowa was found to be the highest scored FBO based on the strength of their proposal and their plans for leveraging the opportunity to grow the Ames Airport and become part of our community. Classic Aviation demonstrated a history of excellent customer service elsewhere. At their current airport in Pella, Iowa, there has been continued growth of aviation over the past 17 years despite a national down-turn in General Aviation. The stability of Classic Aviation is also reflected in their ability to retain staff in an extremely competitive market where there is a shortage of pilots and certified mechanics.

Classic Aviation impressed the selection committee by their approach to supporting the local community, which can lead to training and growth opportunities for people looking to enter the aviation industry. Doing so can also lead to developing employees who are vested long-term in the airport and the community in which they work and live.

A major contributing factor recommending Classic Aviation is their proposal to establish a Part 141 Flight School. Part 141 schools have more FAA oversight, more rigid schedules, and more paperwork. In exchange for these added requirements, they are allowed to reduce the minimum required hours of private pilot training to 35 hours, rather than the typical 40-hour minimum required. Along with partnering with ISU, this will be a significant improvement for the community that few General Aviation airports are able to provide. This will become a resource for area residents and ISU students alike who are looking to get their pilots licenses.

Classic Aviation has also shown a strong commitment to expanding their business and the services they provide at the airport they operate. Specifically, they are focused on providing a wide range of charter services, including turbine charter (on opening day), which will make the Ames Airport a destination for businesses looking to base their companies in Ames. Once these businesses realize the benefits of the charter service provided by the FBO, some may then choose to have their own corporate aircraft based in Ames.

Classic Aviation is also a certified Cirrus Service Center, which is the highest grade service possible for all types of Cirrus aircraft. Classic Aviation will also establish a certified service center here at the Ames Airport. In addition, they will have sales available for Cirrus aircraft. Classic has also committed to have a minimum of two certified flight instructors. This relationship will strengthen the growth of people looking to enter aviation by buying planes or learning to fly.

Finally, Classic Aviation demonstrated their strong understanding of the importance of the airport as a gateway to the community. It was made clear that, from holding community events such as flight-ins, pancake breakfasts, etc., to having attentive staff that welcome people who may be visiting Ames for the first time, these initiatives will be critical for both the positive growth of the airport and for leaving a lasting positive impression of the community. Classic Aviation also talked about their desire to make the airport an active and successful part of the greater community.

ALTERNATIVES:

1. Select Classic Aviation of Pella, Iowa as the City's preferred FBO and direct staff to begin contract negotiations for a new management contract for the Ames Municipal Airport.
2. Select another FBO as the City's preferred FBO and direct staff to begin contract negotiations for a new management contract for the Ames Municipal Airport.
3. Direct staff to reject all proposals and issue a new Request for Proposals.

MANAGER'S RECOMMENDED ACTION:

Classic Aviation of Pella, Iowa has shown they are a successful FBO that can manage the difficult market of General Aviation, and does so with a commitment to customer service, innovation, and growth. They have applied their community focused approach to the Pella Airport, and can now extend those qualities and services to the Ames Airport. Classic Aviation plans to still manage Pella's Airport. However, it is clear that they will bring the same level of service and commitment to the Ames community and are excited at the opportunity to be part of Ames.

It is anticipated at this contract will be finalized and returned to City Council at the September 13, 2016 meeting to coincide with the report of bids for the new Terminal Building. Bids for the Terminal Building are due on September 7, 2016 at 3:00 PM.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

It should be remembered that rather than provide upfront funds to help construct the new terminal, Iowa State University agreed to pay to the City the amount of any shortfall (up to the annual debt service amount) between the annual operating revenues and annual operating expenses at the Airport (excluding the farm operation), which includes the debt service on \$943,000 – a portion of the debt that was issued by the City to finance the new terminal. During our initial discussions with the University, it was anticipated that because of the new facilities being constructed at the Airport, the City could expect to receive \$100,000 to \$120,000 annually from a new FBO agreement. As you can see from the three proposals, the amount of revenue estimated from each of the three proposals is significantly less this anticipated amount. Therefore, the selection of the any of the three FBO candidates places the University at a greater risk to owe the City funds each year to pay the debt service on the new terminal.