



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** August 30, 2022

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Airport Department

**SUBJECT:** Airport Department Status Update

### **RECOMMENDATION:**

That Council receive a status update from Airport Department staff on Airport related matters including operations, property management, facilities maintenance, air service development, aviation activity, and the delivery of capital improvements at the Santa Barbara Airport.

### **EXECUTIVE SUMMARY:**

The Santa Barbara Airport (SBA) continues to adapt to what has been the most volatile time in industry history. Initially, the Covid pandemic resulted in a virtual shutdown of aviation activity. Across the industry, recovery was initially very slow, causing a prolonged and very significant drop in revenue. As a result, SBA initially put a pause on most significant capital expenditures as well as on the filling of some vacant positions. To support airports dealing with revenue shortages, the Federal government provided several batches of funding to airports nationwide. The stimulus funding coupled with growth in demand for air travel at SBA to record levels has put the airport on financially stable ground moving forward. The challenges that now lie ahead deal primarily with implementation of the Airport's Capital Improvement Projects as SBA looks to provide the infrastructure necessary to meet the demand and customer expectation for service while being responsive to community impacts.

### **DISCUSSION:**

During the period of January 2022 to present, SBA experienced record passenger growth. The pandemic recovery coupled with the influx of Federal relief funds have well positioned SBA to move forward on several key capital improvements. Although most vacant positions have now been filled, several key vacancies remain. In addition, the appropriate overall level of staffing must increase to meet the expanded levels of activity and hours of operation. This report provides the following:

- Aviation activity trends
- Departmental financial snapshot
- Capital project highlights

- Aircraft Noise Advisory Program overview

Aviation Activity Trends Nationwide and at SBA

Commercial (airlines) and non-commercial (corporate, general aviation, military) aircraft operations have recovered above and beyond pre-Covid levels. The rebound in commercial airline activities here at SBA has outperformed the nationwide trend as shown by the figure below. This increase is due in part to the entry of Southwest to the market in Spring 2021 and a strong demand for domestic leisure travel.

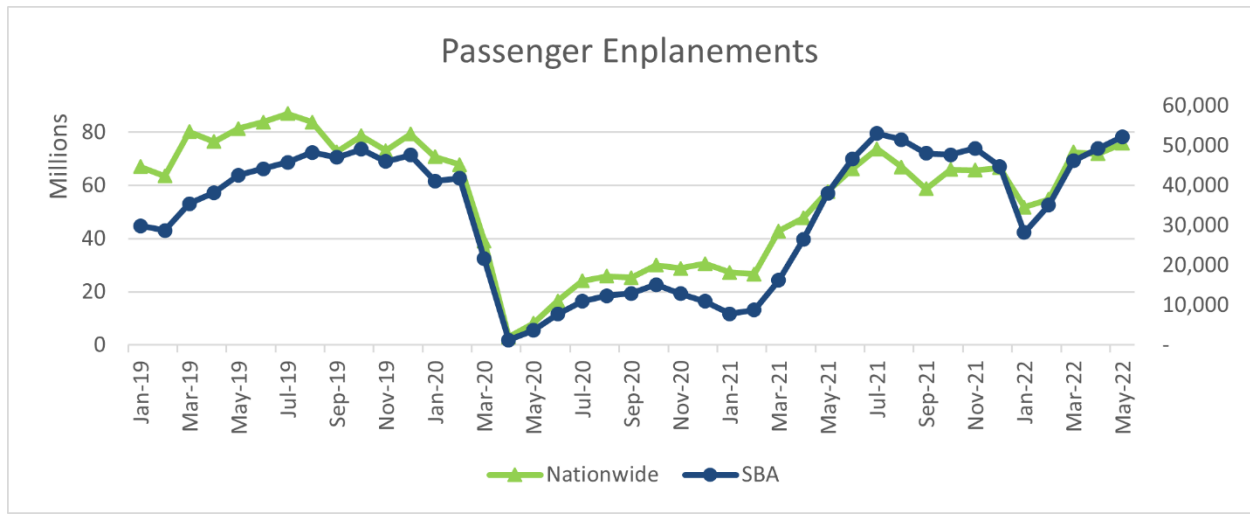


Figure 1.

Non-commercial aircraft operations rebounded quickly at SBA. This trend followed a nationwide trend in growing demand for General Aviation immediately following initial Covid related travel restrictions. The figure below depicts the number of non-commercial aviation operations seen at SBA since 2019.

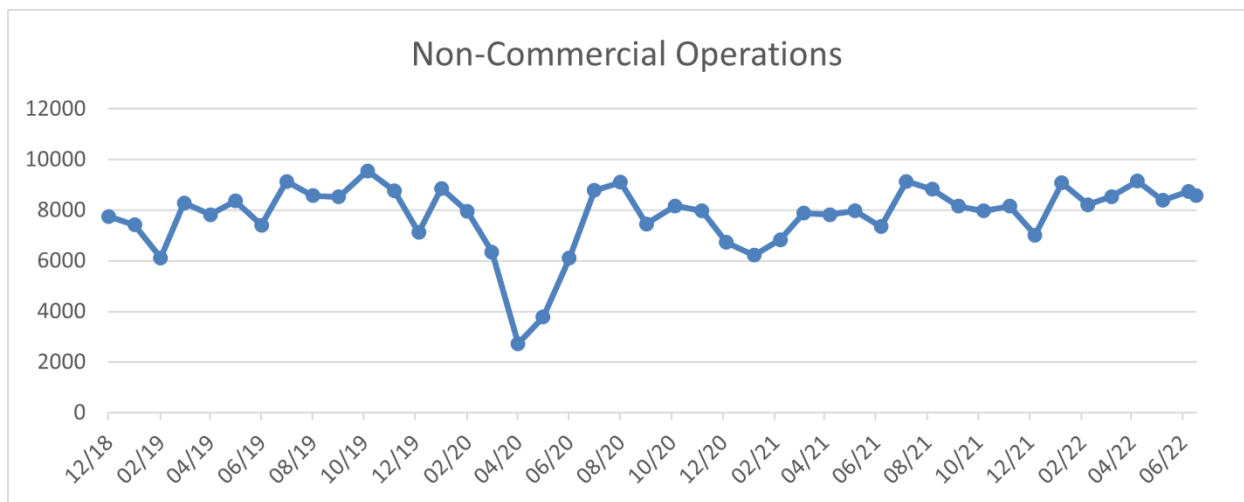


Figure 2.

Overall, the level of aircraft activity at SBA has fully recovered, helping the department to achieve fiscal sustainability.

SBA Financial Summary

The Santa Barbara Airport funds the overall operation through a diverse source of revenue streams. The commercial / industrial and Fixed Base Operator (FBO) lease revenues provide a more stable source compared to demand-based revenue streams associated with commercial air travel. The lease revenue supports SBA's ability to develop rates and charges for the commercial airlines that help to attract and retain air service. The table below shows the 5-year trend for these revenue streams.

Fiscal Year	Revenues - Leases - Commercial /Industrial	Revenues - Leases - Non-Commercial Aviation	Revenues - Leases - Terminal	Revenues - Leases - Commercial Aviation	Total Non-Grant Revenue	Expenses
FY19 Actual	\$4,548,016	\$4,144,563	\$6,106,174	\$5,418,126	\$20,216,879	(\$20,826,259)
FY20 Actual	\$4,714,876	\$4,326,237	\$5,868,642	\$5,645,907	\$20,555,662	(\$20,860,571)
FY21 Actual	\$5,100,127	\$4,404,611	\$4,072,294	\$4,084,497	\$17,661,529	(\$23,531,801)
FY22 Prelim	\$5,153,213	\$5,062,706	\$8,542,403	\$4,990,309	\$23,748,631	(\$27,311,888)
FY23 Adopted	\$5,607,214	\$4,658,247	\$9,757,487	\$6,374,208	\$26,397,156	(\$26,774,030)

Fiscal Year 2021 revenue was significantly impacted by limited demand for commercial air services. Exclusive of grant funding, this operational deficit continued into Fiscal Year 2022. The total operational deficit would have been approximately \$10 million. Fortunately, the Federal government, through several different stimulus packages, provided nearly \$20 million in funding to support SBA. These funds shored up our operational deficit and we are now in a reserve position that is above policy. This is an important position to be in as significant local funds will be needed in the next 5 to 10 years to provide the necessary match funding for significant capital improvement projects that are in various stages of implementation.

Airport Capital Improvement Projects

Since the beginning of January 2022, Council approved several contracts for work to commence on various projects. These include: the resumption of the Fixed Based Operator (FBO) Redevelopment Project; the Southfield Redevelopment Project (SRP); the design contract for the Terminal Expansion and Parking Structure (TEPS) project; the contract for the Master Plan Update (MPU); the contract for the General Western Aero Hangars Feasibility Study; the Contract for the regulatory requirement of a per- and polyfluoroalkyl substances (PFAS) work plan; the grant acceptance for the Local Coastal Plan and Sea Level Rise Vulnerability Assessment and Adaptation plan from the California Coastal Commission (CCC); the extension of Passenger Facility Charges (PFC); the reestablishment of Car Rental Facility Charges (CFC); and the Airfield Marking Signage and Lighting (AMSL) Project. The most significant of these projects are briefly described below.

### *FBO Redevelopment*

In July 2022, Council authorized an increase in extra services with Jacobs Engineering Inc. for aviation planning services of the FBO Redevelopment Project at SBA. The project began in 2019 and is now moving into a second phase, which will culminate in a Development Plan, a concept for future FBO infrastructure, a financial plan, a business plan, and a solicitation plan that provides the City assistance with preparing a process for the selection of two prospective FBOs. The FBO Redevelopment project was included in the 2017 Airport Master Plan (AMP).

### *Southfield Redevelopment*

The 2017 AMP recommended several intermediate-term and long-term capital improvement projects in the area south of the Airline Terminal, commonly known as 'Southfield'. These recommended projects are to accommodate future growth in commercial passenger boardings (enplanements). Two of the recommended intermediate-term improvements were to construct additional remain overnight (RON) aircraft parking spaces and additional rental car parking. In doing so, the Airport will have greater flexibility to allow delayed aircraft (e.g. weather, mechanical, etc) to reposition away from the passenger boarding bridges until approved for departure. The additional rental car parking will help ensure an adequate number of rental cars are readily available for pick-up and drop-off at the Terminal. Currently, the project is 95% design complete with construction expected to start later this year and be complete by the end of 2023.

### *Terminal Expansion and Parking*

Two of the 2017 AMP recommended long-term improvements to Southfield include a terminal expansion and a new multi-level parking structure. The terminal expansion would add additional gate space as well as additional floor space for security screening, baggage operations, and concessions. The parking structure would add additional parking at the Terminal and house the rental car customer counters and rental car pick-up and drop-off operations. In June 2022, Council approved a conceptual design contract with Corgan. Conceptual design is expected to be complete in 2023, and construction is not expected to start until 2026 at the earliest.

### *Master Plan Update*

SBA completed the AMP in 2017. The Federal Aviation Administration (FAA) encourages, and funds, updates to airport master plans every five to ten years to ensure the document is responsive to current and forecasted needs and accounts for changes in conditions and operations. Since 2017, SBA has experienced healthy growth and a change in commercial aircraft from regional jets to widebody jets. The MPU, led by Mead and Hunt consultants, will provide updated aviation forecasts and necessary capital improvements for the next 20 years. Development of the MPU will include a robust stakeholder involvement program, incorporate sustainability and resilience principles, and be subject to environmental review.

### *General Western Aero Hangars*

Originally constructed in 1931, the General Western Aero Hangars (GWAH) are two structures of merit located on Airport property near the intersection of Fairview Avenue and Hollister Avenue (Buildings 248 and 249). Both structures reside in a regulatory floodway near San Pedro Creek. Per a prior historic structures report, Buildings 248 and 249 are eligible for listing on the National Register of Historic Places and are also listed as Potential Historical Resources for the City, but are not currently on the City's Landmarks list.

A prior conditions and use analysis of the hangars was completed by LMA Architects (LMA) in 2002. The 2002 report included feasibility information to demolish, relocate, or restore the hangars. No action was taken on these hangars since that report was completed due to a lack of funding. LMA was selected in June 2022 to provide an updated feasibility study in order to recommend options for the future of the hangars.

### *CCC Grants for LCP and Sea Level Rise*

In June 2022, the City accepted a grant from the CCC to assess infrastructure vulnerability at SBA, develop a sea-level rise adaptation plan, and create a Local Coastal Program (LCP) update for the Airport Segment of the City of Santa Barbara's Coastal Zone. The Airport LCP was last updated and certified by the California Coastal Commission in 2003. The project builds upon two major planning efforts that the City has already completed utilizing grant funding from the Federal Aviation Administration (FAA), the United States Fish and Wildlife Service, the Coastal Conservancy, the County of Santa Barbara Coastal Resource Enhancement Fund, the Goleta West Sanitary District, and the Goleta Valley Land Trust.

### *Airfield Marking Signage and Lighting*

The Airfield Marking, Signage, and Lighting (AMSL) Project is a safety and energy savings project that will install Light Emitting Diodes (LED) airfield lights and update pavement markings and airfield signage. The updated airfield signage will include revised taxiway naming to be consistent with recent FAA safety guidance. The change to LED lights will reduce the energy consumption of the airfield lights and decrease the labor necessary to maintain the lighting system. The project is currently design complete with construction expected to start in summer 2023 and be complete by summer 2024.

### Aircraft Noise Advisory Program

Noise is generally defined as "unwanted sound." Aviation noise, arising mostly from aircraft operations in the air and on airport runways, affects those around airports or under the flight paths. Despite technological advances in aircraft engine and airframe design that make most jets in operation today much quieter than their predecessors, public concerns over noise often have led to contentious relationships between community groups and airports as well as the FAA.

Airport noise is predominantly a local issue, but it often involves multiple stakeholders who have distinctive authorities and shared responsibilities with regard to noise abatement and mitigation. The federal government has authority over airspace use and management, air traffic control, aviation safety, aircraft noise emissions, and airport development policy.

SBA has an Aircraft Noise Advisory Program. City staff log all noise complaints received through the SBA PublicVue platform or through an Automated Noise Advisory Hotline Number (805) 967-1900. Nearly 17,000 complaints have been logged over the past year with a peak of over 3,200 in the month of August 2021.

#### *Aviation Safety and Noise Abatement Act of 1979*

The Aviation Safety and Noise Abatement Act of 1979 (ASNA) directed FAA to (1) establish a single system of noise measurement to be applied uniformly in measuring noise at airports and surrounding areas on the ground; (2) establish a single system for determining the noise exposure resulting from airport operations and its impact on individuals; and (3) identify land uses that are incompatible with various noise exposures.

FAA promulgated 14 C.F.R. Part 150 to implement these requirements. Part 150 established the “day-night average sound level” (DNL) as the noise metric. DNL is an aggregate measure of aviation noise over a 24-hour period, with consideration given to nighttime noise events to account for increased human sensitivity at night. Supported by funding from AIP, 14 C.F.R. Part 150 also established standards for airports to document noise exposure and to develop measures that reduce or prevent incompatible land uses.

#### *Airport Noise and Capacity Act of 1990*

Congress enacted the Airport Noise and Capacity Act (ANCA) in 1990, during a time when community noise concerns led to uncoordinated and inconsistent restrictions on aviation that were said to impede the nation’s airport system. ANCA called for establishment of a national aviation noise policy. The law increased FAA’s authority over noise matters and authorized a local charge on departing passengers as an additional source of airport revenue, known as a “Passenger Facility Charge”. ANCA and its resulting regulations, 14 C.F.R. Part 161, impose stringent requirements on airports seeking to implement certain types of noise rules or restrictions, including night curfews, caps on maximum noise levels, numbers of aircraft operations, and noise-based fees.

The recent growth in aircraft activity at SBA has helped support the economic vitality of this region. However, the activity has been noticed by neighbors living in proximity to the airport. Commercial aircraft operations are now taking place daily between approximately 5:00 am to nearly midnight. Some constituents have expressed concern that these operations interfere with daily activities such as sleep, speech, relaxation, school, and/or business operations.

#### *Airport Use Restriction (Curfew)*

Members of the community have suggested consideration be given to imposing a curfew on aircraft operations to minimize noise impacts. Use restrictions at other airports (Burbank and San Diego) are often cited, however, these examples were enacted prior to ANCA in 1990.

Creating a similar use restriction today would almost certainly be rejected by the FAA given the number of statutory conditions that must be met per C.F.R. Part 161.

### *Noise Compatibility Study*

Airport Noise Compatibility Planning was created by ASNA. 14 C.F.R Part 150 established the “day-night average sound level” (DNL) as the noise metric for describing community noise impacts and identified DNL 65 decibels (dB) as the threshold of significant aircraft noise as well as incompatible residential land use. Part 150 is the primary federal regulation directing planning for aviation noise compatibility on and around airports. Airport participation is voluntary. Participating airports are eligible to receive federal funding for noise planning and abatement and mitigation projects.

SBA last completed a Part 150 Noise Compatibility Study in January 2005. The study concluded that there are no residential properties within the vicinity of the airport that are impacted by nuisance noise above the federal standard. Subsequent studies continue to validate these conclusions. Airport staff began developing digital noise contours utilizing FAA approved software in 2019. In 2020, Santa Barbara City Council approved the upgrade and reactivation of SBA noise monitoring terminals (NMTs). Since reactivation, the monitors have validated the digital contouring utilized by the Airport.

While it is worth noting that no residential properties were within the 65 dB DNL contour, a recent FAA survey showed that aircraft noise becomes a significant “annoyance” at levels as low as DNL 50 dB and DNL 55 dB. This suggests that the established DNL 65 dB threshold for identifying significant noise problems may no longer be an adequate guide for federal policymakers. Should FAA adjust the DNL 65 dB threshold, there could be policy and budgetary implications.

SBA is planning to conduct an updated Part 150 Noise Compatibility Study this Fiscal Year. If the DNL 65 dB contour remains similar, residential properties will remain ineligible for noise abatement and mitigation projects.

### *Flight Path*

Another tool to mitigate noise impacts is the establishment of preferred runway approaches. The FAA can issue special approach instructions in order to assist the community with noise abatement. In the case of Runway 25 (main runway approach from the east), the FAA issued what is called an RNAV Visual approach to Southwest, United, Alaska, and Horizon. These approaches are proprietary and issued directly to the carriers. Adoption of this approach has been much more consistent than the recommended voluntary noise abatement approach.

The FAA has not developed a similar noise abatement approach for approaches to Runway 7 (main runway from the west).

### *Next Steps*

- Continue to respond to log noise complaints and post monthly reports online
- Discuss potential actions items at Airport Commission, including
  - Move forward with updated Noise Compatibility Study

- Pursue FAA development and implementation of RNAV Visual noise abatement approach for Runway 7

**SUSTAINABILITY IMPACT:**

The Santa Barbara General Plan focuses on a stated mission statement of “Living within Our Resources” and stresses sustainability for development (City of Santa Barbara 2011). Also, a guiding principle of the 2017 Airport Master Plan (AMP) and the MPU is to support sustainable design of airport facilities and the wise use of resources. Each project above will be consistent with both the General Plan and the AMP.

In addition, SBA staff regularly collaborate with the City’s Sustainability and Resilience Department to ensure that each project is efficient and resilient as possible.

**ENVIRONMENTAL REVIEW:**

The projects derived from the 2017 AMP were included in the adopted 2017 Airport Master Plan EIR. The MPU, and any new projects or alternatives derived will be subject to additional California Environmental Quality Act (CEQA) review. Any projects that are selected for development as part of the MPU will be subject to the National Environmental Policy Act (NEPA), as well as the California Coastal Act.

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