

AGENDA REPORT

Ordinance: Approval of a Space/Use Permit with QuickFlight Inc., with Anticipated Annual Revenues of \$16,800, Operating at Oakland International Airport. **(Aviation)**

MEETING DATE: 9/13/2018

AMOUNT: \$16,800 – Anticipated Annual Revenue

PARTIES INVOLVED: QuickFlight Inc., Swanton, OH
Martin Wheeler, President

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: OrdinanceOrdinance

EXECUTIVE SUMMARY

This action would give first reading to an ordinance to approve the terms and conditions, and ratify the Executive Director's execution, of a *Space/Use Permit (SUP)* with QuickFlight Inc. ("QuickFlight") who is an airline services provider operating at Oakland International Airport (OAK).

BACKGROUND

Airline services providers are third-party companies that provide various services to passenger and cargo airlines including: passenger, ground and cargo handling; catering services; aircraft washing; airline tenant space janitorial services; aircraft maintenance and repair; passenger, catering and cargo security; and, specialized equipment maintenance and repair. Individual companies may not offer all of these airline services.

QuickFlight has been a ground handler since 2005 and currently operates in 20 locations with over 10 airline partners throughout the country. At OAK, QuickFlight has been contracted by Corporate Flight Management, Inc. dba Contour Airlines ("Contour Airlines") to provide passenger and ground handling services in the form of customer service to airline passengers and baggage handling of aircraft, respectively. Contour Airlines currently operates a single daily roundtrip flight out of Terminal 1 between OAK and Crescent City, California.

On an interim basis, QuickFlight entered into the Port's standard form *SUP* which authorized immediate commencement of services through September 28, 2018. Upon subsequent Board approval, the term of the *SUP* shall be extended to June 30, 2023.

ANALYSIS

QuickFlight's *SUP* will have a term of approximately five-years and three-months*, terminating on June 30, 2023, with a mutual 30-day termination provision (either party may terminate on 30 days' written notice) and authorizes access to the Airport to provide third-party airline services. No premises are provided for QuickFlight. Pursuant to Rates & Charges Ordinance No. 4430 adopted by the Board on July 13, 2017, consideration is a minimum monthly fee of \$250.00 or 10% of gross revenues, whichever is greater. The terms and conditions of the *SUP* are as follows, including anticipated revenue payable to the Port:

Commencement Date:	April 1, 2018
Term:	Approximately Five (5) Years and Three (3) Months*, terminable on 30 days' notice
Anticipated Revenue to Port:	~ \$1,400.00 per Month
Performance Deposit:	\$7,000.00 (approximately 5x average monthly billings)

Additionally, Port Finance has completed a credit screening and concurs with the proposed Performance Deposit, which has already been placed with the Port.

BUDGET & STAFFING

During the development of the FY2018-19 Operating Budget, this new *SUP* with QuickFlight was not contemplated, so the anticipated revenue of \$16,800 for this airline services provider is incremental new revenue. There is no staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Grow Net Revenues
- Goal: Improve Customer Service

* Pursuant to Ordinance No. 4480 adopted by the Board of Port Commissioners on June 28, 2017, seventy existing agreements at the Airport – including space/use permits with airline services providers – were extended to June 30, 2023 (subject to 30-day termination by either party). It is proposed that the *SUP* with QuickFlight have a term expiring concurrent with these other.

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the tenant does not employ 21 or more employees working on Port-related work. However, the tenant will be required to certify that should living wage obligations become applicable, the tenant shall comply with the Living Wage Regulations.

SUSTAINABILITY

The tenant has not proposed any development. If the tenant decides to develop the site in the future, the tenant must comply with the 2000 Sustainability Policy and complete the Sustainability Opportunities Assessment Form.

ENVIRONMENTAL

This action was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) and the Port CEQA Guidelines. In 1997, the Port proposed an Airport Development Program (ADP) to improve OAK facilities and to relieve existing and projected future congestion to accommodate forecasted passenger and air cargo activity. The Port prepared an Environmental Impact Report (EIR), pursuant to CEQA as part of the project development, approval, entitlement, and operations, for the ADP. The EIR was certified and adopted by the Board on December 16, 1997, through Board Resolution No. 97376. The Board later adopted a supplemental EIR (SEIR) in 1999 (Resolution No. 99623), and a second supplemental EIR in 2003 (Resolution No. 03345).

The QuickFlight *SUP* would support Contour Airlines' operations. Contour Airlines would operate out of facilities already constructed as part of the ADP, and no new facilities would be constructed. In terms of passenger operations, the ADP accommodated an activity level forecast of 22.4 million annual passengers (MAP). Airport operations activity for the fiscal year ending June 2018 for air passenger activity was 13.36 MAP. The addition of Contour passengers (21,900 annual passengers) would be within the ADP forecast. The proposed operations for Contour Airlines, including the services to be provided by QuickFlight, are consistent with the ADP. No further CEQA review per Section 15162 of the CEQA Guidelines is required.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by this Agenda Report as they are not capital improvement construction projects.

OPTIONS

1. Approve the terms and conditions of the *Space/Use Permit* with QuickFlight Inc. as outlined above, and ratify the Executive Director's execution of the standard form *SUP*, thereby permitting QuickFlight to continue to provide airline services to Contour Airlines on the same terms and conditions as other airline services providers also operating at Oakland International Airport. This is the recommended action.
2. Do not approve the terms and conditions of the *Space/Use Permit* as outlined above, with QuickFlight Inc. which would (i) result in the termination of QuickFlight's operating privileges at OAK, including providing valuable services for Contour Airlines, and (ii) potentially harm the Port's relationship with Contour Airlines as the airline contracting with QuickFlight.
3. Do not ratify execution of and reject the proposed *Space/Use Permit* as outlined above, with QuickFlight Inc., but recommend different terms and conditions.

RECOMMENDATION

It is recommended that the Board adopt an ordinance to:

- Approve the terms and conditions of the *Space/Use Permit* between the Port and QuickFlight Inc., as outlined above; and,
- Ratify the Executive Director's execution of the *Space/Use Permit* with QuickFlight Inc.

Subject to the Port Attorney's approval as to form and legality of the proposed *Space/Use Permit* between the Port and QuickFlight Inc.