



City of San Antonio

Agenda Memorandum

File Number:19-4417

Agenda Item Number: 32.

Agenda Date: 6/13/2019

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to the Professional Services Agreement with Ricondo & Associates, Inc.

SUMMARY:

City Council consideration to authorize an amendment to the professional services agreement with Ricondo & Associates, Inc. (Ricondo) for airport financial management consulting services for the San Antonio International Airport. The amendment will increase the agreement in the amount not to exceed \$385,000.00 to a revised contract value in an amount not to exceed \$1,365,000.00. This increase will allow Ricondo to continue to provide their services through the last year of their contract term.

BACKGROUND INFORMATION:

The San Antonio Airport system requires a financial consulting services firm with extensive airport financing expertise for the following tasks:

- Prepare or provide support for the development of airport financial and business related reports, analyses and forecasts.
- Development of Airlines' Rates and Charges analyses and support (modeling, methodologies and optimization).
- Provide air traffic reports, analyses and forecasts for aviation and the industry.
- Perform or provide support for airport bond feasibility services and debt service analyses.
- Provide Passenger Facility Charges and Customer Facility Charges support, analyses and forecasting.
- Provide services to plan/negotiate and/or bid and assist with documents between San Antonio International Airport and airline and non-airline tenants.

- General Airport Financial Advisory Service assistance in the preparation and presentation of materials and report(s) for meetings, strategy sessions and negotiations related to airport management, including financial management, strategic planning.
- Provide analysis of the financial implications of airport development alternatives.
- Additional airport consulting and financial services.

In June 2015, City Council authorized a professional service agreement to Ricondo for those services through Ordinance 2015-06-18-0564 in the amount of \$980,000.00. The contract term was up to five years and will expire on July 6, 2020 with the extension of the last renewal period.

ISSUE:

The amendment will increase the contract in the amount not to exceed \$385,000.00 for the last year of the contract term. Since the contract was awarded in 2015, the Airport System has had to use this contract for unanticipated projects including the gate utilization study for Terminals A and B, to accommodate near-term expansion requirements based on well above forecast air service growth, and the creation of a new rates and charges model. The current rates and charges model is nearly 10-years old and is not sufficiently accessible and flexible to meet the needs of our growing airport system. In addition, with the on-going update to the Master Plan, Ricondo will need to provide the financial services associated with a new PFC application as the Aviation Department Capital Budget will change.

The amendment will allow Ricondo to continue to perform their airport financial consulting services as described earlier as well as support the Department on any new projects or programs that may arise over the next year.

The Aviation Department will develop and release a solicitation for airport financial management consulting services over the next year.

ALTERNATIVES:

This amendment will allow Ricondo to continue their financial management services through the last year of the agreement. As an alternative, the department could develop and release a solicitation earlier than planned rather than increase the contract value to allow Ricondo to continue their services through July 6, 2020. This alternative would result in the airport system not having access to these services until the new agreement is awarded and could cause potentially severe disruption to ongoing, complex and sensitive airline lease agreement negotiations.

FISCAL IMPACT:

This ordinance authorizes an amendment to the professional services agreement with Ricondo for airport financial management consulting services for the San Antonio International Agreement in the amount not to exceed \$385,000.00 to a revised total contract value in an amount not to exceed \$1,365,000.00. For FY 2019, \$118,000 is available in the Airport Operating and Maintenance Fund; funding for remaining amount is contingent on City Council adoption of the FY 2020 annual Budget.

RECOMMENDATION:

Staff recommends the approval of an amendment with Ricondo for airport financial management consulting services for the San Antonio Airport System.