



REPORT TO THE CITY COUNCIL

AGENDA ITEM NO.	
COUNCIL MEETING	02/12/08
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	

February 12, 2008

FROM: RUSSELL C. WIDMAR, AAE
Director of Aviation

SUBJECT: AUTHORIZE THE DIRECTOR OF AVIATION TO NEGOTIATE A LEASE OF COMMON USER PASSENGER PROCESSING HARDWARE AND SOFTWARE FOR THE FRESNO YOSEMITE INTERNATIONAL AIRPORT WITH AIR-TRANSPORT IT SERVICES, INC.

KEY RESULT AREA

One Fresno

RECOMMENDATION

That the Council authorize the Director of Aviation to negotiate with Air-Transport IT Services, Inc. (Air IT), to obtain a lease under which Air IT, in cooperation with Department of Airport's staff, airline technical staff, and the Airports Department's architects, would design, manufacture, source, provide, install and maintain commercial off-the-shelf common use airline passenger processing hardware and software applications at Fresno Yosemite International Airport (FYI), with the eventual lease to be submitted to the Council for approval to award.

There will be no impact to the general fund from this action, nor from any subsequent lease.

EXECUTIVE SUMMARY

At its meeting on February 5, 2008, the Council approved award of a contract for substantial improvements to FYI's passenger terminal. As part of this project, all the airline check-in counters will be replaced. Until now, the practice has been for each affected airline to relocate its own proprietary passenger processing equipment such as keyboards, computers, monitors, baggage tag printers, boarding card printers and ticket printers, and telephones. However, the practice is shifting toward the European model, where the passenger processing equipment is supplied by the airport operator and used in common by all the airlines and/or third party "handling" companies that provide passenger processing services to airlines. This allows any airline, or its ground handler, to use any check-in counter at any time. All the counters become fungible, which reduces the total number of counters that would be required where counters are exclusively leased and individually equipped with idiosyncratic electronics. In fact, adopting the European model should obviate any expansion of FYI's check-in lobby for the next twenty years. And, new airlines will be able to enter the Fresno market with minimum investment and risk. "Fungibility" will also simplify the phasing of the lobby expansion project when airlines will have to double up temporarily, with some airlines moving two or three times before the project is completed.

The Sacramento and San Jose California airports have successfully switched to the European model and virtually all of FYI's airlines are using Air IT's the system at one or both of those airports. Those airports had the financial reserves or credit capacity to fund the switch, which FYI doesn't have. Accordingly, Airports staff canvassed all the vendors at a major industry conference on airline passenger processing and information technology in Las Vegas to learn if there were any interest in providing the switch for Fresno on a lease basis. Attached is a copy of the Invitation of Proposals that was circulated. Such leasing is unprecedented and only two companies indicated any interest in this novel approach. Only one of the two, Air IT, followed up with several visits to FYI and a leasing proposal, which will now have to be refined with input from FYI's user airlines.

Air IT is a US corporation wholly owned by Fraport, the owner/operator of the international airport in Frankfurt, Germany. Air IT has supplied similar systems in several US airports in addition to Sacramento and San Jose. FYI's airlines have experience with Air IT and confidence in their products and services.

KEY OBJECTIVE BALANCE

The flexibility and redundancy provided by "fungibility" [any airline can use any check-in counter at any time] will obviate any need to expand the ticketing lobby of the passenger terminal for the foreseeable future (Financial Management), will reduce the cost and risk of entering the Fresno market for new airlines or of expanding service for current airlines (Customer Satisfaction), and will keep FYI among the US' most progressive airports (Employee Satisfaction).

FISCAL IMPACT

There will be no fiscal impact to the General Fund from this action.

Attachments: Invitation of Proposals

FRESNO YOSEMITE INTERNATIONAL AIRPORT

INVITATION OF PROPOSALS

The City of Fresno, California is interested in a turn-key deal for the installation of common user airline check-in equipment, including computers, monitors, keyboards and ticket, boarding pass and bag tag printers, in 24 of the 32 new counters planned for the up-coming ticketing lobby revisions at the Fresno Yosemite International Airport (FAT). Six to eight self-service “kiosks” to supplement the preceding -- providing booked passengers with boarding passes and bag tags -- are also of interest.

The City is further interested in similarly equipping the existing podia at 8 aircraft gates.

Complementary, dynamic overhead signage -- at both the ticketing lobby counters and the gates -- is of interest as well.

The intention of the foregoing installations would be to make any check-in counter and any gate useable by any airline at any time with no advance preparation other than a few identifying key strokes. Upon signing-in, the overhead sign(s) would display the using airline’s distinctive logo and colors and, if desired, the flight being checked-in, the destination, on-time status and other information.

The City cannot purchase the above-sketched system outright and is looking for proposals to, effectively, **finance** the acquisition, installation and support of such system. We believe we have the tacit acceptance of our airline clients to support such system.

FAT is a “small hub” airport situated in the Central Valley of California about halfway between Los Angeles and San Francisco with a discrete seven-county catchment area. Allegiant, American, American Eagle, Delta Connection (SkyWest), ExpressJet, Horizon, Mexicana, United Express (SkyWest), USAirways and USAirways Express (Mesa) provide 50 daily departures to DFW, GDL, LAS, LAX, ONT, PDX, PHX, SAN, SEA and SLC. In 2006, FAT had 643,631 enplanements.

If interested in supplying any or all of the above, please contact Brendan Carmody, Assistant Director of Aviation, at (559) 621-4634 or at Brendan.Carmody@fresno.gov