



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ralph G. Tonseth

**SUBJECT: RECOMMENDATION OF A
CONSULTANT TO PROVIDE
AIR SERVICE DEVELOPMENT SERVICES**

DATE: May 5, 2004

Approved

Date

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to:

- (a) negotiate and execute an agreement with Campbell-Hill Aviation Group, Inc. to conduct air service development consulting for Norman Y. Mineta San José International Airport for the period of August 1, 2004 through June 30, 2005 in an amount not to exceed \$200,000.
- (b) exercise up to three (3) one-year options to extend the agreement on a fiscal year basis to June 30, 2008, for a total amount not to exceed \$800,000, subject to annual appropriation of funding for each option year.

BACKGROUND

Air service development consulting is critical to the Airport's overall air service program, and to meeting the Aviation CSA's goal of being the region's first choice for air transportation services. The City has made the acquisition of new air service, particularly international service an important focus of its economic development plan. The consulting services provided through this contract are a major component of the strategy to retain current flights, regain those flights lost after September 11th, and obtain new flights to markets important to the Silicon Valley. Consultants with airline route evaluation and planning experience are necessary to supplement the air service development efforts of Airport staff. The approval of this contract will provide the consulting services necessary to develop strategic plans for acquiring service and provide data and analysis necessary for presentations to airlines. Utilizing consultant services for air service development has resulted in numerous successes for the Airport over the past several years, including international service to Paris, Taipei, Toronto, Calgary, and Ottawa. All of these destinations were subsequently discontinued after the events of September 11, 2001, and the services provided by this contract are important to regaining these routes. In addition, the acquisition of JetBlue service beginning on June 10, 2004 was a direct result of presentations/information provided by the Airport's air service development consultants.

ANALYSIS

A request for qualifications (RFQ) for air service development consulting was released on February 12, 2004. Eight firms submitted responses to the RFQ by the April 1, 2004 deadline. The first step in the selection process included an independent panel to review each proposal. A representative from the San Jose Convention and Visitors Bureau and American Airlines along with Airport staff evaluated each RFQ submittal using the following criteria:

- Qualifications and experience of the firm;
- Proposed methodologies and data sources used in obtaining air service;
- Proposed utilization of staff and costs to perform necessary work;
- A sample of a previous air service presentation; and
- The firm's working relationships with airlines.

The three highest scoring firms - Campbell-Hill Aviation Group, Inc., Seabury Airline Planning Group LLC, and Edwards and Kelcey Corporation - were invited to be interviewed by representatives from the City Manager's Office, Office of Economic Development and Airport.

After the extensive review of the RFQ responses and interviews with the firms obtaining the highest scores in the evaluation of the responses, staff recommends Campbell-Hill Aviation Group, Inc. (Campbell-Hill) as the consultant to provide air service development services for the Airport. The firm has provided air service consulting services to 17 airports and 25 airlines and has demonstrated the level of experience and success that the City's air service program requires. Most recently, Campbell-Hill successfully secured new international service to Tokyo, Japan and Frankfurt, Germany for Portland International Airport.

Further, Campbell-Hill demonstrated that they have a well-established plan for providing all the tasks required by the RFQ. This includes being able to prepare a strategic air service plan, provide necessary data and make presentations to airlines on behalf of the Airport within expected timeframes. The firm's principal will serve as project manager working directly with staff. This structure allows easy access that results in efficiency and flexibility to react to market changes and air service opportunities. As the incumbent firm, Campbell-Hill has been instrumental in numerous air service successes for San Jose. Most recently, the firm's air service strategy and data analysis contributed to JetBlue Airway's decision to serve San Jose. In the recent past, Campbell-Hill has played a strategic role for San Jose to secure new international service to Taipei, Paris, Toronto, and Ottawa. In addition, their services provided help to support San Jose's current Tokyo service. Campbell-Hill will be able to immediately provide all services required by the RFQ upon execution of the agreement.

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PUBLIC OUTREACH

Letters and/or emails were sent to over 30 firms engaged in air service consulting to invite their participation in the process. In addition, classified advertisements were placed on the American Association of Airport Executives (AAAE) website and in their magazine *Airport Report*, as well as broadcasted electronically via their daily *ANTN Digicast*, providing national exposure for the RFQ. The Air Service Development Consulting RFQ was also posted on the Airport's website for 30 days.

COORDINATION

The Airport has closely coordinated the entire RFQ process with the City Attorney's Office. The City's air service development program is a partnership between the Airport and the Office of Economic Development.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amt. for Contract	Proposed Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Non-Personal/ Equipment	131110	\$34,111,851		Page XI-3	
		Total		\$34,111,851			

CEQA

Not a project.

RALPH G. TONSETH
Director of Aviation
Airport Department

RGT: jp

