



AGENDA MEMORANDUM

Action Item for the City Council Meeting May 14, 2024

DATE: May 14, 2024
TO: Peter Zanoni, City Manager
FROM: Kevin Smith, Director of Aviation
kevins4@cctexas.com
(361) 826-1292

Josh Chronley, Assistant Director of Finance & Procurement
JoshC2@cctexas.com
(361) 826-3169

Air Service Development Consulting Services for CCIA

CAPTION:

Motion executing professional two-year service agreements with the option to extend for up to two additional one-year periods, with InterVISTAS Consulting USA, Inc. of Washington D.C. and Crawford, Murphy & Tilly, Inc. of Springfield, Illinois, for a total combined amount of \$400,000.00 with a potential amount of \$800,000.00 if all options are exercised, for air service development consulting services, from the Operating Budget in Fund 4610.

SUMMARY:

In order to attract and retain air service, Corpus Christi International Airport (CCIA) staff retain third-party experts to gather and interpret data and build persuasive cases for airlines. Most airports use industry consultants to complement airport and community staff. Consultants typically work with airport staff to prepare for airline meetings, industry conferences, air service development meetings, and other discussions that require informational or persuasive content.

CCIA staff have worked closely with Crawford, Murphy, and Tilly (CMT) for nearly two years. Total expenditures with CMT to date total \$44,505. In this time, CMT has accompanied CCIA staff to dozens of one-on-one airline meetings at approximately seven air service conferences. Recent air service development accomplishments that can be attributed to work completed by CMT include:

- Three airline site visits to Corpus Christi, and one meeting at an airline headquarters.
- Seasonal weekly Southwest service to Dallas Love Airport
- Regular weekly calls with a charter operator interested in starting small intra-state service

- Foundation of minimum revenue guarantee structure, resulting in an international air carrier receiving federal approval to fly routes from CCIA

Airport staff is seeking to extend this relationship in the form of a service agreement for two years with two optional one-year extensions. The service agreement amount is not to exceed \$100,000 per year for two years.

Additionally, airport staff seeks to enter into a service agreement with InterVISTAS, a consulting company that specializes in data gathering and interpretation, airport incentives, and small community air service development. InterVISTAS will provide dashboards and data to track passenger leakage to other airports, airline load factors, industry trends and forecasts, and other important data points that airport staff must monitor. InterVISTAS staff have networks to complement CMT's network, including former employees of Denver International Airport and subject matter experts in small community air service. The service agreement amount is not to exceed \$100,000 per year for two years.

With the requested new agreements, CCIA staff expects to continue to build and expand relationships with key airline decision makers. Staff intends to attend multiple air service conferences each year to continue persuasively presenting the case for air service to Corpus Christi. In addition to these conferences, CCIA intends to leverage relationships to schedule additional meetings, in-person visits to the airport, and airline headquarters. The ultimate goal of these agreements is to augment staff efforts and resources to retain and enhance air service from CCIA.

BACKGROUND AND FINDINGS:

Since 2020, Corpus Christi International Airport has made drastic organizational change to make the airport more attractive for growth. These changes include land appraisals and rental adjustments, new restaurant concessions, parking restructuring, and terminal renovations and improvements to include restrooms, an outdoor patio, boarding bridges, and gate lounge seating. These changes improve the customer experience and lowers our cost per enplanement (CPE), which is an important metric for airlines to consider when entering a new market.

However, while airport staff have removed internal barriers to growth, the state of the industry has forced airlines to slow growth and take a much more conservative approach to new air service. Airports must deliver complete, data-driven persuasive arguments for airlines to consider new service in their community, and third-party consultants provide the expertise to craft these messages. Consultants assist with background information, demographic and economic data, financial and operational forecasting, scheduling, airport incentives, and other aspects of the airlines' air service decision.

CCIA began working with CMT in 2022 and their consulting team has accompanied airport staff to numerous airline meetings and conferences. The relationships built in this time have developed into prospective service from multiple air carriers, and staff believes it best to continue working with CMT personnel to leverage those relationships and continue the narratives that are ongoing.

Additionally, the benefit of adding InterVISTAS is having a second firm to complement CMT's strengths and networks, and to leverage their staff's ability to gather and interpret data. By using InterVISTAS data sources and expertise, the airport can craft more informative and persuasive

content for airlines and other stakeholders. InterVISTAS staff can connect CCIA with the air service development teams at Denver International Airport and other key focus cities for our community.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Qualifications (RFQ) to obtain qualified firms to provide air service development consulting services for Aviation and receive two responsive, responsible respondents which were evaluated by the City’s evaluation committee. All firms were interviewed according to technical and evaluation criteria on the RFQ.

The evaluation committee was comprised of three members from Aviation. During the interview process the evaluation committee rated each respondent and scored according to 1) firm’s experience, 2) team experience and 3) understanding of the project scope. Final scores were tabulated for each firm to determine the highest-ranking firm.

Staff is recommending award to InterVISTAS Consulting USA, Inc. and Crawford, Murphy & Tilly, Inc. based on their expertise on industries best practices, and airline negotiations.

ALTERNATIVES:

Alternatives include only awarding a service agreement to one firm, which will limit staff’s abilities and resources. Alternatives also include not awarding a service agreement to either firm, but Airport staff does not have an allocated Air Service Development position on staff.

FISCAL IMPACT:

The FY24 budget included funds in the amount of \$100,000 for professional services. The new consulting service agreement is within funds available for this fiscal year.

FUNDING DETAIL:

Fund:	4610
Organization/Activity:	35000
Department:	53
Project # (CIP Only):	N/A
Account:	530000

RECOMMENDATION:

City staff recommend approving this motion as presented. The Airport Board recommended approval at their regularly scheduled Board meeting on January 29, 2024.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Evaluation Matrix