

June 20, 2023

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to amend Contract No. 34874 with In-Ter-Space Services, Inc., dba Clear Channel Airports of Allentown, PA, for the development and operation of the Long Beach Airport's advertising program, to extend the term of the contract through January 31, 2027. (Districts 4, 5)

DISCUSSION

City Council approval is requested to amend Contract No. 34874 with Clear Channel Airports (Clear Channel) to continue developing and operating Long Beach Airport's (Airport) advertising program.

On December 12, 2017, the City Council awarded a contract to Clear Channel as part of its adoption of RFQ No. AP17-053 for developing and operating the Airport's advertising program for a period of five years with the option to renew for two additional one-year periods. The current contract will expire on July 31, 2023. The Airport is requesting to renew for the two one-year periods and further extend the term an additional one and a half years through January 31, 2027.

The aviation industry has been significantly affected over the last several years due to the COVID-19 pandemic. Although the economic recovery is underway, several years of unanticipated financial impacts occurred. The pandemic began during the second year of Clear Channel's term, reducing advertising sales due to a significant decrease in travel. Clear Channel invested heavily in digital networks, custom static displays, and theming throughout the Airport, without the ability to recoup its initial investment. The Airport's Phase II Improvement Program was also launched, which altered passenger traffic patterns and required frequent relocation or removal of advertising displays, which further diminished the profitability of the Airport's advertising program. Extending the contract term through January 2027 will allow Clear Channel to compensate for opportunities lost during the pandemic and further reinvest in the program.

As part of this amendment, Clear Channel proposes a \$200,000 investment into a reinvented advertising program that will accommodate new facilities and enhance existing advertising areas, including illuminated tension fabric displays, upgraded digital monitors, and other advertising opportunities. The amendment will also memorialize immediate and future changes to Clear Channel's advertising footprint.

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This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on May 2, 2023, Purchasing Agent Michelle Wilson on May 2, 2023, and by Revenue Management Officer Geraldine Alejo on June 5, 2023.

TIMING CONSIDERATIONS

City Council action to amend Contract No. 34874 is requested on June 20, 2023, to ensure there is no interruption to services.

FISCAL IMPACT

The Airport will continue to receive 45 percent of advertising revenues generated annually by Clear Channel. The requested amendment is expected to generate \$750,000 in advertising revenue for Long Beach Airport over a 3.5-year period and will have a positive impact on the Airport Fund. Revenue will continue to accrue in the Airport Fund Group in the Airport Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CYNTHIA GUIDRY
DIRECTOR, LONG BEACH AIRPORT

APPROVED:



THOMAS B. MODICA
CITY MANAGER