

CITY OF LONG BEACH

LONG BEACH AIRPORT

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December 12, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFQ AP17-053 and authorize the City Manager, or designee, to execute a contract, and any necessary amendments, with In-Ter-Space Services, Inc., dba Clear Channel Airports, of Allentown, PA, for the development and operation of an airport advertising program at the Long Beach Airport, for a period of five years, with the option to renew for two additional one-year periods, at the discretion of the City Manager. (District 5)

DISCUSSION

City Council approval is requested to enter into a contract with In-Ter-Space Services, Inc., dba Clear Channel Airports (CCA), to develop a creative and innovative airport advertising program at the Long Beach Airport (Airport) and, upon approval from the Airport Director, implement and operate the advertising program. As part of the agreement, CCA will invest \$300,000 in capital investment for its own advertising equipment and media. The installation, operation and maintenance costs will be covered by CCA and no costs will be incurred by the City. The Airport will receive 45 percent of advertising revenues generated annually by CCA under the program, with a minimum annual guarantee of \$50,000. If the contract is voided, CCA would be responsible for the removal of all equipment at its sole cost.

A Request for Qualifications (RFQ) was advertised in the Long Beach Press-Telegram on March 3, 2017, and 4,804 potential firms were notified of the RFQ opportunity. Of those firms, 54 downloaded the RFQ via the City's electronic bid system. The RFQ document was also made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFQ announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority, and women-owned business groups. Three Statements of Qualifications (SOQ) were received on May 18, 2017. Of those three SOQs, one was a certified Small Business Enterprise (SBE), and none were Women-owned Business Enterprises (WBEs), Minority-owned Business Enterprises (MBEs), or Long Beach businesses (Local).

A selection committee, comprised of Airport staff and a representative of the Long Beach Convention and Visitors Bureau (CVB), reviewed the written proposals and evaluated each firm on the following criteria: demonstrated competence; experience in performance of comparable engagements; expertise and availability of key personnel; business and marketing strategy, including revenue-sharing options; reasonableness of cost to operate and maintain the program; and, conformance with the terms of the RFQ. The committee determined that Clear Channel Airports, of Allentown, PA, was the most qualified to provide the services based on experience, qualifications, and proposed business and marketing strategy.

CCA is a subsidiary of one of the world's largest advertising companies with more than 250 airport partners around the world. With over 40 years of dedicated airport advertising experience, CCA will design and operate an innovative and creative advertising program for the Airport.

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit SOQs for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download RFQ specifications. Through outreach, 546 Long Beach vendors were notified to submit SOQs, of which 14 downloaded but none submitted an SOQ. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 24, 2017 and by Revenue Management Officer Geraldine Alejo on October 23, 2017.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFQ AP17-053 and award a contract concurrently is requested on December 12, 2017, to ensure the contract is in place expeditiously.

FISCAL IMPACT

The Airport will receive 45 percent of advertising revenues generated annually by CCA, with a minimum annual guarantee of \$50,000. A projected \$152,500 is anticipated during the first year of the concessionaire agreement, with an estimated \$1.1 million over the full term of the contract. Revenues will accrue in the Airport Fund (EF 320) in the Airport Department (AP) and support improvement projects that enhance the passenger experience at the Airport. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JESS L. ROMO, A.A.E.
DIRECTOR, LONG BEACH AIRPORT



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER