



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

March 8, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an advertising concession agreement and any amendments with Interspace Airport Advertising, a Pennsylvania Corporation, for the Long Beach Airport at 4100 E. Donald Douglas Drive for a five-year term, commencing July 1, 2005, with one five-year extension option, for anticipated annual revenues of approximately \$100,000. (District 5)

DISCUSSION

In an effort to upgrade and improve the advertising concession at the Long Beach Airport, the City recently issued a Request for Qualifications (RFQ) for a Terminal Advertising Concessionaire. The RFQ sought to identify potential concessionaires that could create and implement a Long Beach promotional program by providing display advertising and welcome messages, which would include themed representations of the cultural, educational, entertainment and economic vitality of the City.

The RFQ yielded one proposal from Interspace Airport Advertising (IAA). Review of IAA's proposal, which included their related business experience, financial stability, market strategy, scope of advertising services, and proposed revenues to the City, found IAA to be a viable and competitive candidate. Further, an independent review by the City's fiscal consultant, Keyser Marston Associates, found IAA's proposal to be consistent with current market rates for similar advertising concessions.

IAA has exclusively dedicated their advertising services to small airport operations for over 30 years, including 173 airports throughout North America, Latin America, the Caribbean and Asia Pacific. IAA specializes in a unique community showcase of displays that utilizes appealing state-of-the-art concepts combined with the development of a promotional program customized for each individual airport. The promotional program seeks to capture the essence of each city and all that it has to offer the airport traveler. The Long Beach promotional program will be designed to promote the City's tourist and entertainment attractions, and locations and venues of special or unique interest.

The proposed Agreement with IAA will contain the following major terms and conditions:

- Business Name: Interspace Airport Advertising, a Pennsylvania Corporation.
- Advertising Concession Area: The Advertising Concession area will consist of all baggage claim areas and gate hold rooms at the Long Beach Airport for the display of static backlight and video advertising. Advertising in the Airport's historic main terminal is not included in this Agreement.
- Agreement Term: The Agreement will be for a five-year period commencing on July 1, 2005 and terminating on June 30, 2010.
- Option to Extend Term: IAA will have the right to extend the term of the Agreement for five years if IAA achieves predetermined operational standards.
- Required Investment: IAA will be required to invest no less than \$163,456 in advertising trade fixtures during the initial term. If applicable, IAA will be required to invest no less than \$75,000 of additional or replacement trade fixtures during the extension term.
- Anticipated Revenues: The City will receive 42 percent of IAA's gross revenues for static backlight advertising. The City will receive 35 percent of IAA's gross revenues for video display advertising. Annual revenues of approximately \$100,000 are anticipated to be paid to the Airport Fund during the initial term of the Agreement.
- Utilities: The City shall be responsible for all utilities.
- Insurance: IAA will be required to provide insurance to the satisfaction of the City for the term of the Lease.
- Fixtures and Improvements: IAA shall be responsible for the installation of all advertising displays in the concession areas. All displays shall be maintained at all times in working order. IAA shall be responsible for all display repairs and replacements.
- Advertising Material and Content: The City shall have the right to review and reasonably approve all advertising materials and content prior to public display.

This letter was reviewed by Deputy City Attorney Everett Glenn on February 3, 2005 and Budget Management Officer David Wodynski on February 4, 2005.

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TIMING CONSIDERATIONS

City Council action is requested on March 8, 2005 to allow time for design and construction of fixtures for an anticipated commencement date of July 1, 2005.

FISCAL IMPACT

Anticipated revenue of \$26,882 for Fiscal Year 2005 will accrue to the Airport Fund (EF 320) in the Department of Public Works (PW). Annual revenue is anticipated to increase to \$107,526 for the remaining initial term of the Agreement.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



MELANIE S. FALLON
DIRECTOR OF
COMMUNITY DEVELOPMENT

MSF:CFA:VA:lel
3.08.05 CC Ltr IAA



CHRISTINE F. ANDERSEN
DIRECTOR OF
PUBLIC WORKS

APPROVED:



GERALD R. MILLER
CITY MANAGER