

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	30251	Agenda Number	35.
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Meeting Date:	February 13, 2014
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Department:	Purchasing
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## Subject

Authorize negotiation and execution of contracts with CARAT, BBH GLOBAL, OGILVYONE, M&M GLOBAL PUBLIC RELATIONS, AND PORTER NOVELLI, for advertising, marketing, and promotion of the British Airways nonstop passenger air service between Austin and London for a combined total amount not to exceed \$450,000.

## Amount and Source of Funding

Funding in the amount of \$75,000 is available in the Fiscal Year 2013-2014 Operating Budget of the Aviation Department. Funding for the Fiscal Year 2014-2015 Aviation Department share is planned for \$125,000 but is contingent upon available funds in 2014-2015 Operating Budget of the Aviation Department. Funding in the amount of \$250,000 is included in the Fiscal Year 2013-2014 Economic Development Department Economic Incentive Reserve Fund.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	Advertising Exemption
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Prior Council Action:	
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For More Information:	Sai Xoomsai, Senior Buyer Specialist, 512-972-4016; Jamy Kazanoff, Assistant Director of Aviation, 512-530-6688
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Boards and Commission Action:	February 11, 2014 - To be reviewed by the Austin Airport Advisory Commission.
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Related Items:	
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MBE / WBE:	These expenses will be expended in compliance with City Code Chapter 2-9D (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established.
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### Additional Backup Information

On September 3, 2013, British Airways announced new, nonstop service between London and Austin beginning March 3, 2014. The flight will connect Heathrow and Austin-Bergstrom International Airport (Airport) and marks the first regular transatlantic air service for the City of Austin.

The flights will be operated on a Boeing 787 Dreamliner aircraft five days a week, increasing to daily flights starting in May.

The London-Heathrow nonstop route will have an initial economic impact of \$69.7 million the first year, and is expected to grow to \$74 million annually within three years. Additionally, the economic impact analysis estimates 65 direct jobs will be created in the first year, increasing to 83 total direct jobs by year three.

The agreement to begin service between London and Austin was brought about by collaboration between Airport and the City of Austin Economic Development Department in addition to the substantial passenger base of both business and leisure travelers that exists between the two cities. In accordance with the Airport's domestic and international air service recruitment program, qualifying carriers providing new qualifying service to international destinations may be offered marketing assistance. Additionally, the City and Airport's partnerships with local travel, tourism, and business entities committed to support the new international nonstop route.

Common practice in the United States passenger air transportation industry is that the airport and city benefiting from new international routes provide marketing and promotional support to ensure the success of the new route. In accordance with federal statutes and Federal Aviation Administration (FAA) policy, airport revenue may be used to cover a share of promotional expenses such as marketing and advertising to increase travel and promote new service. However, FAA's policy requires the City to pay marketing and advertising costs directly to the vendors providing the service.

The Department of Aviation and the Economic Development Department request authorization to continue to partner with British Airways to promote and ensure the success of the London/Austin route by providing marketing and promotional support for two years. Funding for marketing and promotion will be provided as follows:

City of Austin  
British Airways  
Austin to London  
Nonstop air service  
Promotional and Marketing Campaign

	<u>FY 2013-2014</u>	<u>FY 2014-2015</u>	<u>Total</u>
Aviation	\$ 75,000	\$ 125,000	\$ 200,000
Economic Incentives Reserve Fund	\$ 125,000	\$ 125,000	\$ 250,000

Total	\$ 200,000	\$ 250,000	\$ 450,000
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Professional services, including advertising, are exempted procurements under Local Government Code Chapter 252. While exempt from competitive procurement law, these advertising transactions may exceed the City Manager's authority when aggregated for an entire fiscal year. The City of Austin will pay the selected professional advertising vendors directly upon receipt of approved invoices for the marketing plan development, media placement, promotional materials, and promotional events up to the amount authorized.