### Recommendation for Council Action

**Austin City Council**

**Item ID** 52054  **Agenda Number** 3.

**Meeting Date:** 12/10/2015  **Department:** Aviation

**Subject**

Authorize negotiation and execution of a 60-month revenue concession agreement with IN-TER-SPACE SERVICES, INC. dba CLEAR CHANNEL AIRPORTS, for advertising services at Austin-Bergstrom International Airport.

**Amount and Source of Funding**

Revenue generating agreement.

**Fiscal Note**

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

**Purchasing Language:**

Best evaluated proposal of two proposals received.

**Prior Council Action:**

For More Information:

Julie Harris, Airport Property Program Manager (512) 530-6322

**Council Committee, Boards and Commission Action:**

November 10, 2015 - Recommended by the Airport Advisory Commission on a vote 7-0 with Commissioners Rodriguez, Trinh and Black absent.

**Related Items:**

**MBE / WBE:**

This contract will be awarded in compliance with 49 CFR Part 23 of the Federal Regulations (Airport Concession Disadvantaged Owned Business Enterprises Program (ACDBE)) through the achievement of Good Faith Efforts with 7.89% ACDBE subcontractor participation goal.

### Additional Backup Information

This contract will grant In-Ter-Space Services, Inc. dba Clear Channel Airports (Clear Channel) an airport advertising concession for a term of five years. Under the contract, Clear Channel shall establish and operate an advertising concession at Austin-Bergstrom International Airport (ABIA). The concessionaire, such as Clear Channel, has the non-exclusive right and responsibility for the design, fabrication, installations, maintenance, and sale of commercial advertising displays and opportunities in City-approved locations in the Barbara Jordan Terminal, and locations outside of the Terminal.

Clear Channel operates in 27 of the top 50 U.S. airports, including four of the top five in the U.S., and 19 designated as medium hub airports. Additionally, Clear Channel has the largest airport-dedicated staff in the airport advertising industry.
Clear Channel proposes to annually pay the City the greater of a Minimum Annual Guaranteed Concession Fee (MAGCF) or 60% of the gross receipts from advertising sales. The MAGCF for the first contract year is $1.75 million, and is adjusted annually. The second and subsequent contract years shall be the greater of the MAGCF proposed, as listed below, or 90% of the concession fees payable to the City in the preceding contract year.

Proposed MAGCF:
- Year 1: $1,750,000
- Year 2: $1,782,000
- Year 3: $2,138,400
- Year 4: $2,352,240
- Year 5: $2,528,658

Revenue over the life of the initial 60-month term of the contract is estimated to be $12,799,562. Under its proposal, Clear Channel commits to make an initial capital investment of $1,500,000 in advertising displays at the ABIA, including high technology digital displays, and supporting infrastructure. Clear Channel’s proposed advertising plan is intended to reflect Austin’s local style, and respect the design and architecture of ABIA’s terminal. The plan includes state-of-the-art, energy-efficient advertising display assets.

An evaluation panel consisting of the Department of Aviation’s executive, finance, information systems, planning and engineering, and customer service staff evaluated the proposals and recommend Clear Channel based on the experience and qualifications of the company, the creativity of the design concept, quality of the advertising plan, and capital investments and improvements.

Clear Channel’s Airport Concession Disadvantaged Business Enterprise (ACDBE) compliance plan included 31.56% proposed participation.

This solicitation was advertised in the Austin American Statesman, ABIA web site, American Association of Airport Executives, the Airports Council International, Airport Revenue News, and Airport Minority Advisory Council.