

AGENDA



Thursday, June 24, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 44**

Subject: Approve the award, negotiation, and execution of a 60-month revenue concession agreement with IN-TER-SPACE SERVICES, INC. dba CLEAR CHANNEL AIRPORTS, Allentown, PA, for advertising services at Austin-Bergstrom International Airport. This contract is projected to generate \$550,000 in revenue to the City in Fiscal Year 2011. Revenue over the life of the initial 60-month term of the contract is estimated to be \$2,750,000.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Brenda Helgren, Sr. Buyer/974-9141

Purchasing Language: Best evaluated proposal of three proposals received.

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) by meeting the goal with 6.61% ACDBE subcontractor participation.

Boards and Commission Action: Recommended by the Austin Airport Advisory Commission.

This contract will grant In-Ter-Space Services, Inc. dba Clear Channel Airports an Airport advertising and marketing concession for a term of five years. Under the contract, Clear Channel shall establish and operate an advertising and marketing concession at Austin-Bergstrom International Airport (ABIA). The Concessionaire has the responsibility to construct, purchase, install, operate, maintain, service, and sell advertising for displays in approved locations in the Barbara Jordan Terminal and locations outside of the Terminal. Clear Channel Airports is the largest national airport advertising concessionaire, operating at 213 airports including 57 of the 100 largest airports in the country.

Clear Channel Airports proposes to annually pay the City the greater of a Minimum Annual Guaranteed Concession Fee (MAGCF) or 55% of the gross receipts from advertising sales from static displays and 45% of the gross receipts from Digital Displays. The MAGCF for the first contract year is \$550,000, and is adjusted annually and for the second and subsequent contract years shall be the greater of \$550,000, or ninety percent (90%) of the concession fees payable to the City in the contract year immediately preceding. Under its proposal, Clear Channel Airports commits to make an initial capital investment of \$595,000 in advertising displays at the Airport, including high technology digital displays, and supporting infrastructure,

Clear Channel's proposed advertising and marketing plan is intended to reflect the nature and character of Austin, and respect the design and architecture of ABIA terminal.

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

ACDBE solicited: 8

ACDBE response: 1

PRICE ANALYSIS

- a. Adequate competition.
- b. Sixty-seven notices were sent, including eight ACDBEs. Three proposals were received, with one response from the ACDBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. The Purchasing Office concurs with the Aviation Department's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet, with the American Association of Airport Executives, with the Airports Council International, with the Airport Revenue News, and with the Airport Minority Advisory Council.