

Memorandum



DATE November 26, 2014

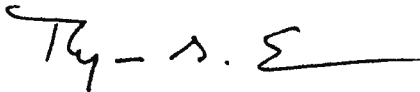
TO Honorable Members of the Economic Development Committee:
Mayor Pro Tem Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano,
Scott Griggs, Lee Kleinman, Jerry R. Allen

SUBJECT **City of Dallas Airport Advertising Concession Contract**

On Monday, December 1, 2014 a follow-up briefing will be presented on the Airport Advertising Concession Contract for Dallas Love Field and Dallas Executive Airport. The Committee was previously briefed on November 17th.

Additionally, the Department of Aviation staff asked Corey Airport Services to include package 4 and package 5 in their contract and they agreed to do so. Staff recommends approval of the subject item. A revised copy of the briefing is attached for your review.

Please contact me if you have any questions.



Ryan S. Evans
First Assistant City Manager

c: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Mark Duebner, Director, Aviation
Elsa Cantu, Assistant to the City Manager – Mayor & Council



City of Dallas Airport Advertising Concession Contract

Economic Development Committee
December 1, 2014



Purpose

- To provide information regarding the advertising concession Request For Proposal process, evaluation of the proposals received and a recommendation based on the scoring criteria.
- To receive support for award of the advertising contract to Corey Airport Services on the December 10, 2014 Council Agenda.

Background

Existing Contract

- Original five-year contract with JCDecaux Airport, Inc. commenced April 1, 2008; included three (3) one – year options
 - Five-year total contract MAG: \$6,750,000
 - Annual Percentage Rental: 65% of Gross Sales up to \$2,000,000 and 70% for sales above \$2,000,000
 - Contract expired March 31, 2013; Concessionaire did not request any option years
 - Currently on a month to month concession contract pending the outcome of this procurement process
 - Current month to month agreement is at 65% of sales

Background, continued

Contract Sales/Revenue Data

Contract Year	Sales	Payment to City
2008 – 2009	\$ 2,896,386	\$1,927,470
2009 – 2010	\$ 1,686,841	\$1,734,723
2010 – 2011	\$ 2,278,430	\$1,499,546
2011 – 2012	\$ 1,561,087	\$1,375,000
2012 – 2013	\$ 1,869,198	\$1,400,000
Five Year Total	\$10,291,942	\$7,936,739
4/1/2013 – 10/31/2014 (19 months)	\$ 2,262,174	\$1,470,413

Background, continued

Contract ACDBE Participation

Elizabeth Younger Agency

- Certified ACDBE in Texas
- Dedicated Sales Person for Local Sales
- Five-year Participation of \$1,420,233 in total sales over the primary term or 13.8%

Advertising Concession RFP

- Briefed Transportation & Environment Committee – February 2013
- Committee approved evaluation criteria
- Evaluation criteria consisted of:

Economics/Financial Return to City	30%
Quality of Advertising Program	20%
Experience and Capability	10%
Financial Strength to Pay MAG or Percent	15%
Operations Plan	10%
ACDBE Program	<u>15%</u>
Total Value	100%

Advertising Concession RFP

RFP broken down into five separate and distinct packages to encourage proposals from both nationally recognized and local small business entities

- Package #1 – Interior Terminals at Dallas Love Field and Dallas Executive
- Package #2 – Exterior Locations at Dallas Love Field and Dallas Executive
- Package #3 – Parking Garage at Dallas Love Field
- Package #4 – Roadways at Dallas Love Field and Dallas Executive
- Package #5 – Exterior areas of Dallas Vertiport property



Advertising Concession RFP

Package Specifications

- All Packages – Primary Term of 7 years, plus up to 2 additional years at the City’s discretion; ACDBE Goal of 22.84%
- Package #1 – Minimum Annual Guarantee (MAG) of \$750,000 or 50% of Gross Revenues and Capital Investment of \$200,000; three distinct locations allocated to Southern Sector advertising
- Packages #2 through #5 – Year 1 Minimum of 50% of Gross Revenues with a year 2 through 7 MAG based on prior year percentage payments

Advertising Concession RFP

Approved Locations - Package #1

Fixture Type	Pre-Security	Post Security
Pedestal Digital Units	1	6
6' X 6' Backlit Units	5	7
Digital Wall Units Baggage Claim	4	
IVC/Phone Board	1	
Southern Dallas Locations	2	1
Total Fixtures	13	14

*Proposers had the option of recommending more locations (to be approved by DOA)

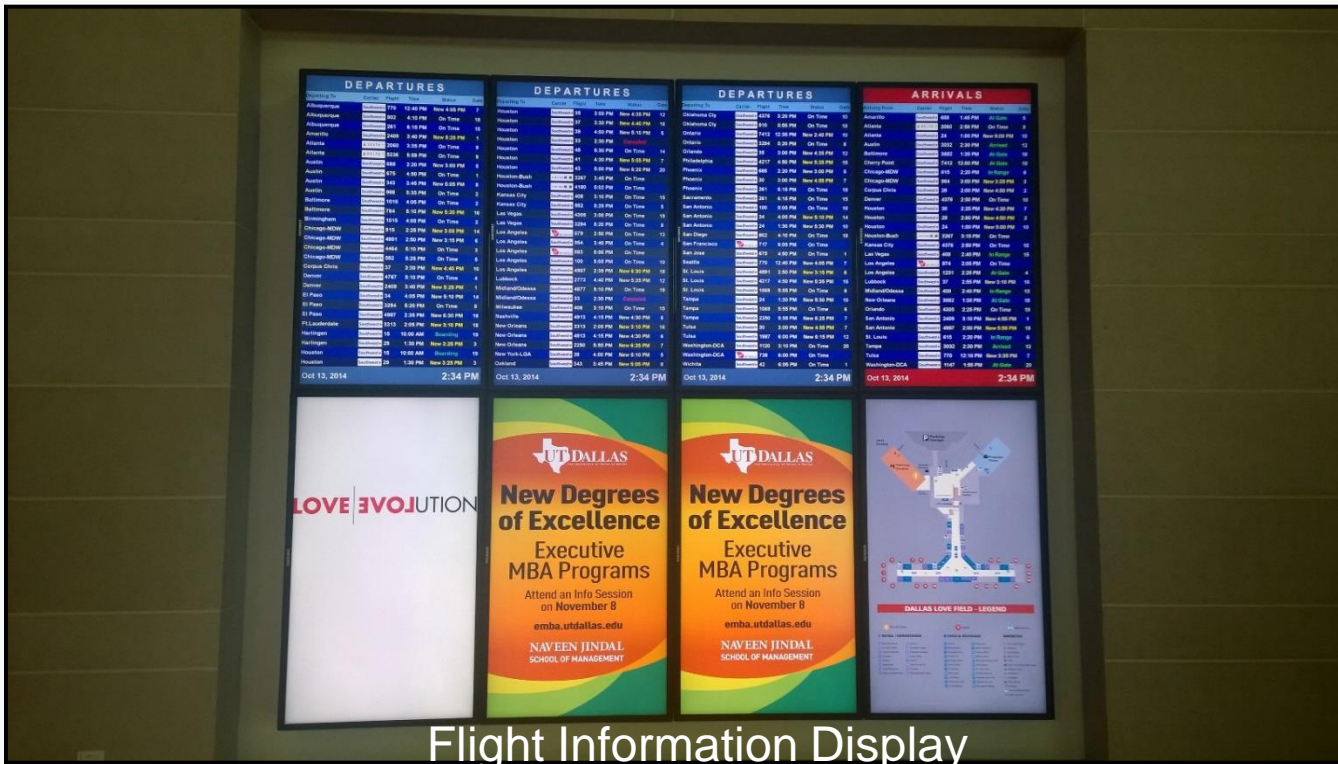
Advertising Concession RFP

Approved locations – Package #1 Flight Information Display Monitors

- 30 – 42” monitors in ten Flight Information Display banks
 - Four (4) banks pre-screening - all single sided
 - Six (6) banks on the Concourse Level post screening - one (1) single sided and five (5) double sided
- Content Management System for inputting data to each screen is currently controlled by the Department of Aviation
 - Successful proposer will maintain this system once a contract is executed

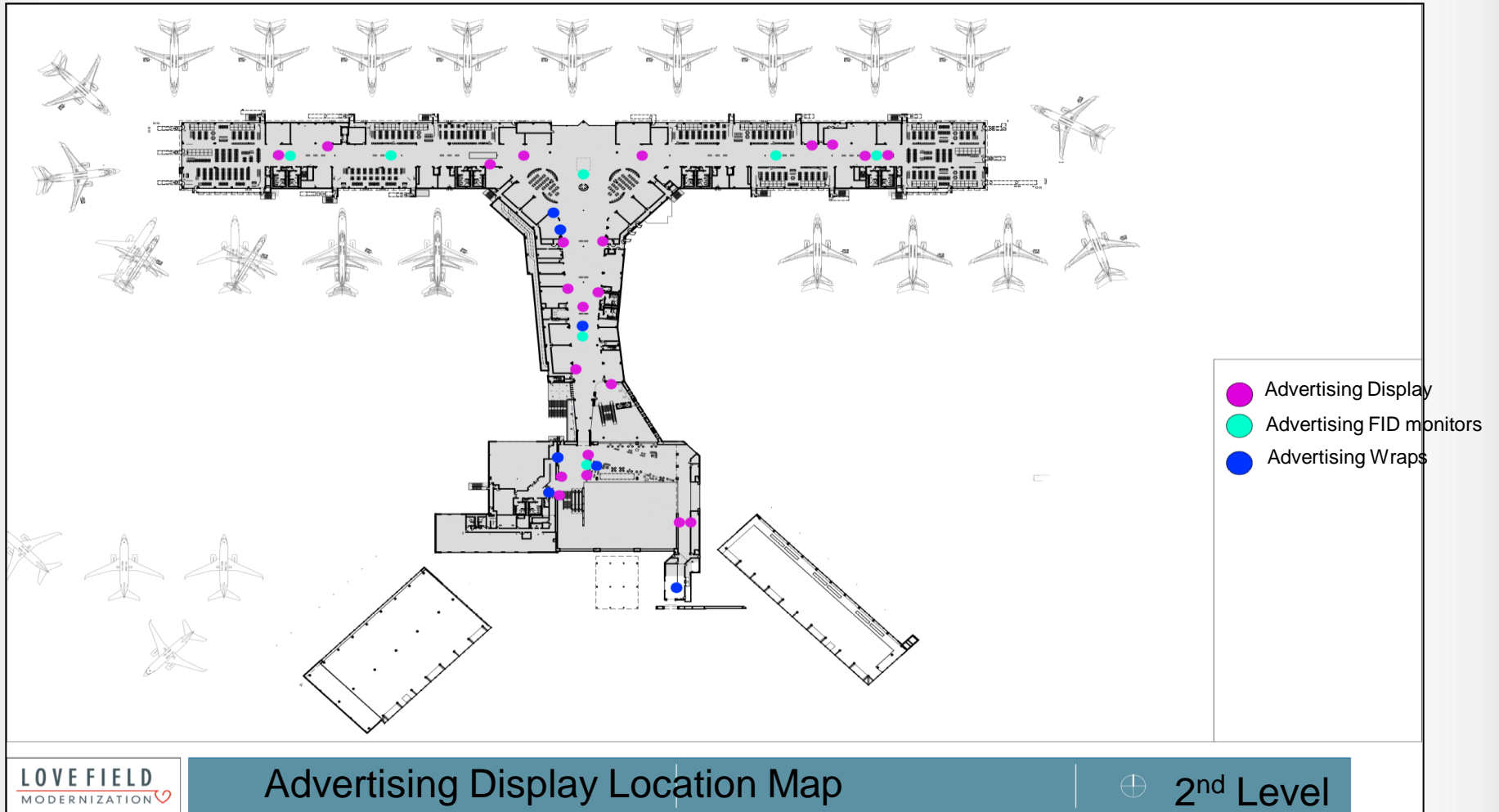
Advertising Concession RFP

Approved Locations - Package #1



Flight Information Display

Advertising Concession RFP



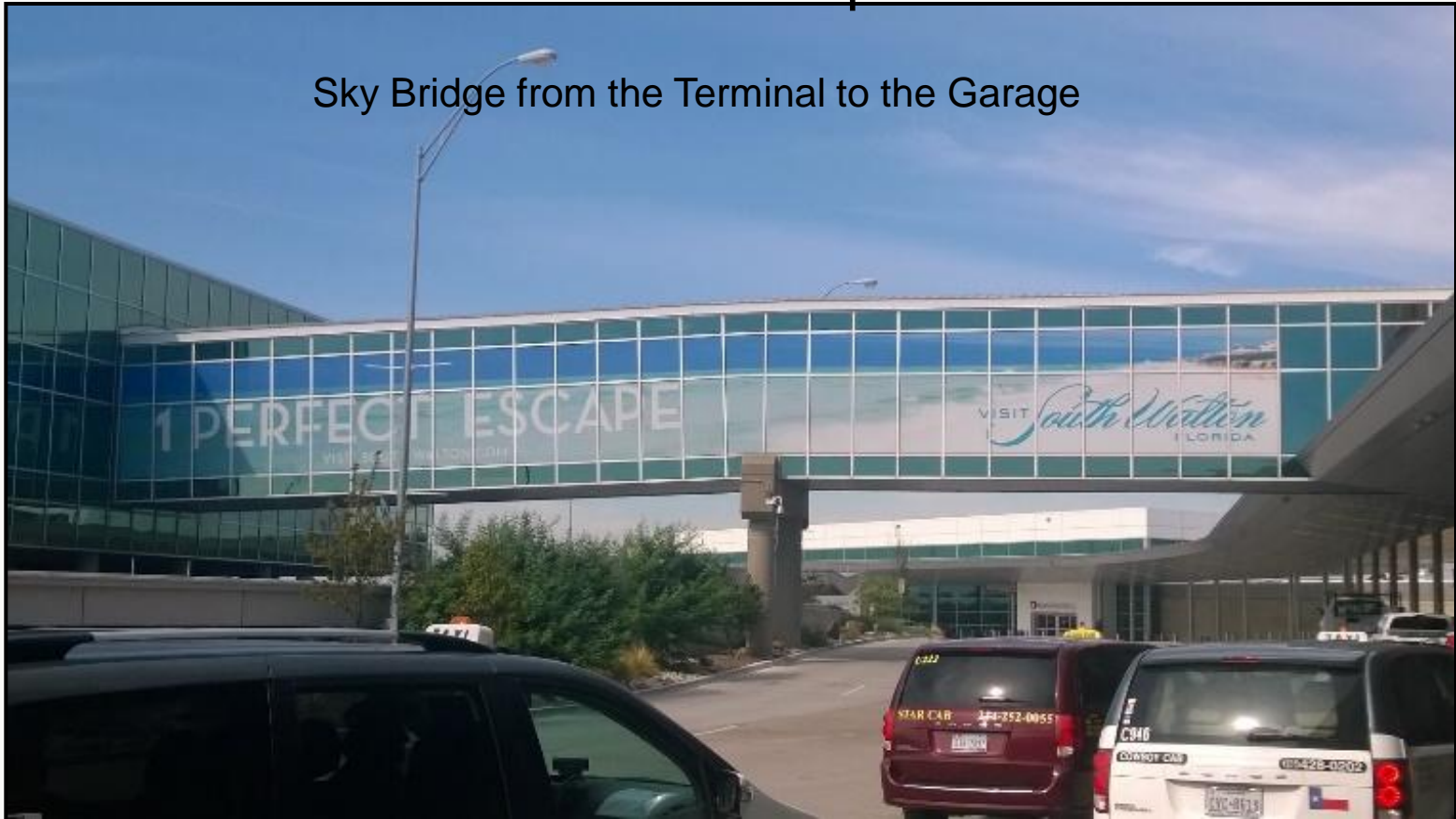
Dallas Executive Airport



Terminal Lobby Interior

Advertising Concession RFP

Approved Locations - Package #2 Exterior of Love Field and Executive Airport



Exterior Jet Bridges

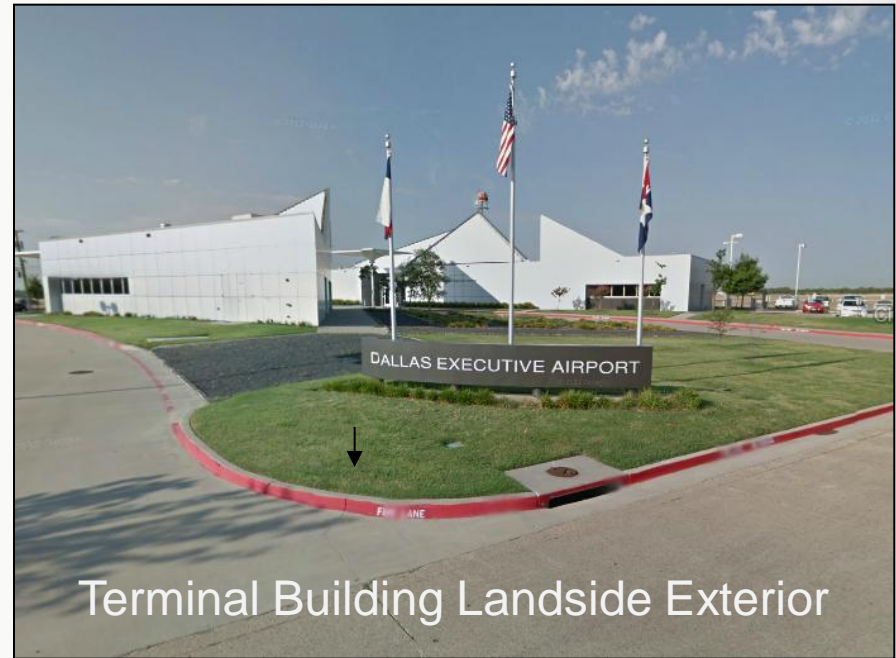


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Perimeter Fence Lines

Dallas Executive Airport



Advertising Concession RFP

Approved Location - Package #3 - Love Field Garage



Exterior Corner of Garage



Parking Garage Elevator Doors

Approved Location - Package #4 - Roadways Dallas Love Field



Entire Segment of Herb Kelleher Way

Any roadway sign or billboard location subject to FAA approval

2189 ft

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Google

Dallas Executive Airport



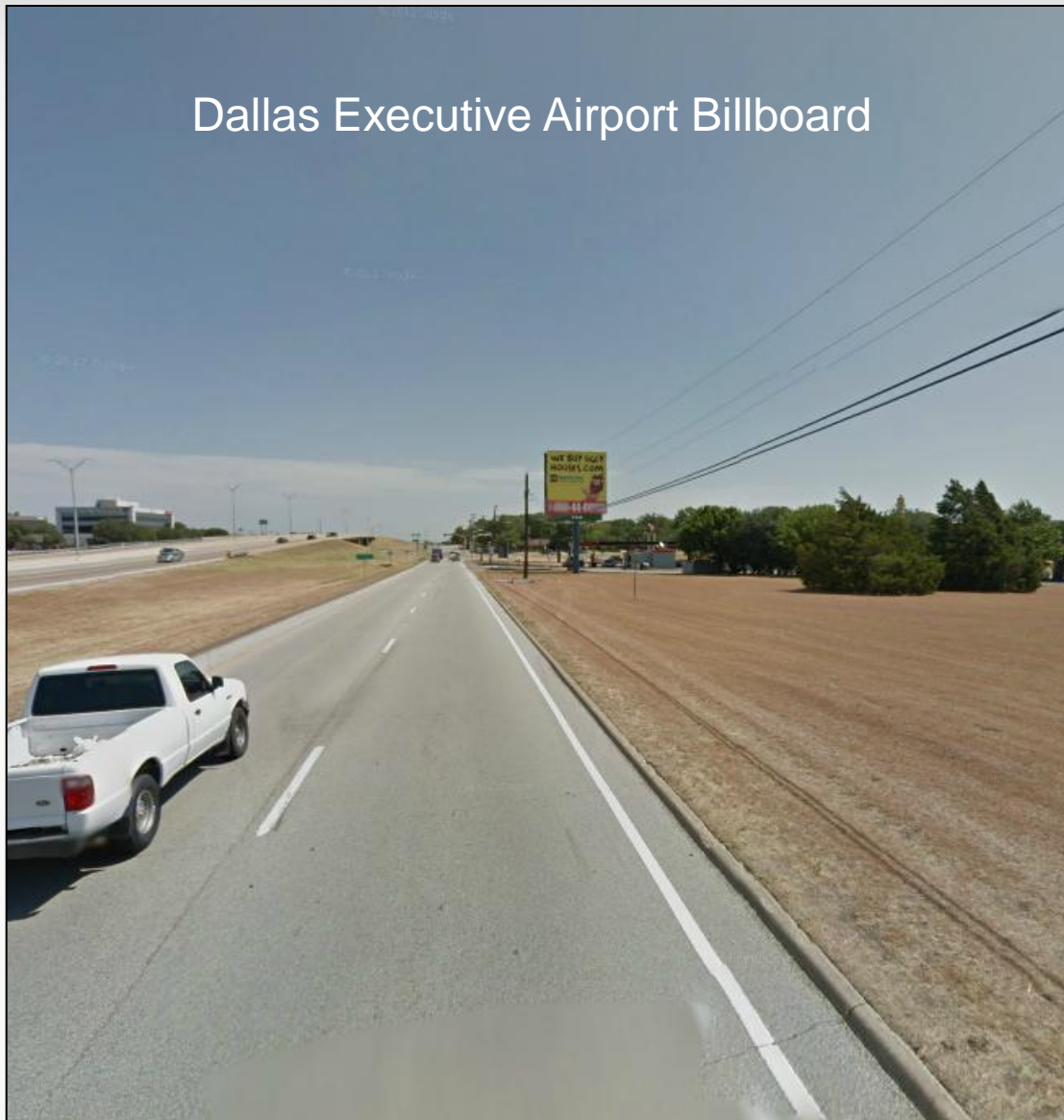
Terminal Location

Bill Board Location

Any roadway sign or billboard location subject to FAA approval



Dallas Executive Airport Billboard



Advertising Concession RFP

Approved Locations – Package #5



Advertising Concession RFP

Procurement Process

Notification Efforts

- Business Development and Procurement Services (BDPS) advertised the Request For Proposal (RFP) on April 25 and May 1, 2013
- 42 electronic notices were sent by the City's web-based procurement system
- Notices were also sent to 25 chambers of commerce and two advocacy groups (i.e., DFW Minority Business Council and Women's Business Council-Southwest)
 - Used BDPS ResourceLINK Team for distribution

Advertising Concession RFP

Procurement Process, continued

Pre-proposal conferences were held on June 3rd and June 10th, 2013, with the following companies represented:

Corey Airport Services	Fast Signs
JCDecaux	Titan Outdoor LLC
Focus Communications	SkyLife Ventures
Van Wagner Communications LLC	Lawrence Group
URS	FDC Companies
Hattie Wayne PR & Advertising	RND Consult
Clear Channel Airports	Regali Inc.

Advertising Concession RFP

Procurement Process, continued

- Pre-proposal conference topics for discussion included:
 - Display Locations
 - ACDBE participation / goals
 - Construction Schedules
 - Historical Advertising Sales
 - Bonding Requirements
- All questions asked during the pre-proposal meeting were posted on the City's bid web site per standard procedure
- Deadline to submit proposals – July 31, 2013

Advertising Concession RFP

Procurement Process, continued

Evaluation Committee

- Developed diverse committee to evaluate proposals
- Seven representatives from multiple departments
 - Controller's Office (1) - Only Evaluated Financial Strength
 - BDPS (2) - Only Evaluated the Economics and ACDBE
 - Advertising Plan Committee
 - Aviation (1)
 - CIS (1)
 - Convention Center (1)
 - PIO (1)
- No single group or individual scored all portions of any proposal
- Formulas were used wherever possible to maintain an objective evaluation

Advertising Concession RFP

Procurement Process, continued

- Received three proposals
 - Corey Airport Services
 - Titan Outdoor LLC
 - Van Wagner Communications LLC
- Evaluation committee reviewed proposals to determine responsiveness to the minimum requirements in accordance with the Scope of Work:
 - Continuous operation of advertising sales in airports for a minimum of three (3) consecutive years preceding April 1, 2013
 - Financial capability
 - Advertising sales experience and advertising sales track record with national, regional and/or local accounts

Advertising Concession RFP

Procurement Process, continued

Proposals Received

Package 1 Interior	Package 2 Exterior	Package 3 Garage	Package 4 Roadway	Package 5 Vertiport
Corey Airport Services	Corey Airport Services	Corey Airport Services		
Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC	Titan Outdoor LLC
	Van Wagner LLC	Van Wagner LLC		

Note: Titan has stated that if they are not the successful proposer on Package 1, they will not accept a recommendation for any other package

Advertising Concession RFP

Financial Proposals

Package 1 Interior	Minimum Annual Guarantee (7 Years)	Percentage Rent	Capital Investment
Corey Airport Services	\$10,789,973	66.2% Static 58.1% Digital	\$402,000
Titan Outdoor LLC	\$ 5,775,000	50%	\$263,000

Advertising Concession RFP

Financial Proposals

Package 2 Exterior	Percentage Rent	Locations
Corey Airport Services	70% - 73%	Sky Bridge Jet Bridges Fenceline Graphics
Titan Outdoor LLC	50%	Sky Bridge Jet Bridges
Van Wagner	52%	Sky Bridge

Advertising Concession RFP

Financial Proposals

Package 3 Parking Garage Love Field	Percentage Rent	Locations
Corey Airport Services	70% - 73%	Exterior Wall Banner Foyer Elevator Doors
Titan Outdoor LLC	50%	Exterior Wall Banner Foyer Elevator Doors Fabric Tension Banners
Van Wagner Communications LLC	52%	Exterior Wall Banner

Advertising Concession RFP

Financial Proposals

Package 4 Roadways	Percentage Rent	Locations
Titan Outdoor LLC	50%	Light Pole Banners Cell Lot Sponsorship

Advertising Concession RFP

Financial Proposals

Package 5 VertiPort	Percentage Rent	Locations
Titan Outdoor LLC	50%	Interior and Exterior Fabric Banners

Advertising Concession RFP

Procurement Process, continued

Results of Committee Evaluation

- All proposers gave presentations to the Evaluation Committee on August 14, 2013 and August 15, 2013
- A vendor was recommended based on scores from written proposals and information delivered during presentations

Advertising Concession RFP

Procurement Process – Proposal Evaluations

Package	Proposer	Evaluation Criteria						
		Economic /Financial Return to the City - 30%	Quality of Advertising Program - 20%	Experience & Capability of the Proposer - 10%	Financial Strength (capability) to deliver the Advertising Display Plan & Pay the MAG and/or percentage fees (Controller's Office) - 15%	Operations Plan - 10%	ACDBE Plan (BDPS) - 15%	Total - 100%
Package 1 - Airport Interior	Titan Outdoor	16.06	18.75	7.75	12	8.75	13	76.31
	Corey Airport Services	30	18.5	9.75	13	8.5	15	94.75
Package 2 - Airport Exterior	Titan Outdoor	21.13	19.25	8.75	12	8.75	13	82.88
	Corey Airport Services	30	18	9.25	13	9.5	15	94.75
	Van Wagner Communications	21.97	16.75	9.25	14	7.75	13	82.72
Package 3 - Parking Garage at Dallas Love Field	Titan Outdoor	21.13	17.75	8.75	12	8.5	13	81.13
	Corey Airport Services	30	18.75	9.25	13	10	15	96
	Van Wagner Communications	21.97	16.75	9.25	14	8.75	13	83.72

Advertising Concession RFP

Procurement Process – Proposal Evaluations

Package	Proposer	Evaluation Criteria						
		Economic /Financial Return to the City - 30%	Quality of Advertising Program - 20%	Experience & Capability of the Proposer - 10%	Financial Strength (capability) to deliver the Advertising Display Plan & Pay the MAG and/or percentage fees (Controller's Office) - 15%	Operations Plan - 10%	ACDBE Plan (BDPS) - 15%	Total - 100%
Package 4 - Roadways	Titan Outdoor	30	17.75	8.5	12	9	13	90.25
Package 5 - Dallas Vertiport	Titan Outdoor	30	16.5	7.5	12	8.75	13	87.75

Advertising Concession RFP

Corey Airport Services - Recommended Proposer

- Over 30 years of large scale, out of home media and airport advertising experience
- Operating airport advertising concessions continuously for the last 12 years
- Currently operating in the following airports:
 - Cincinnati/Northern Kentucky International Airport
 - Louisville International Airport
 - Palm Springs International Airport
 - Birmingham International Airport
 - Myrtle Beach International
 - Northwest Arkansas Regional Airport (Fayetteville/Bentonville)

Advertising Concession RFP

Corey Airport Services - Recommended Proposer

Entered into a joint venture partnership with two minority firms

- Sky Life Ventures, LLC
- Hattie Wayne Public Relations & Advertising
- 24% of sales revenue will go to the Joint Venture Partners

Advertising Concession RFP

Recommended Proposer – Joint Venture Partner

SkyLife Ventures, LLC – Tracey Myers (ACDBE)

- 12% ownership in Joint Venture
- Primary expertise in Project Management and Operations
- Will be responsible for:
 - Supervising local maintenance and operational subcontractor, capital and display installation and copy installation
 - Assisting local General Manager in all operational tasks

Advertising Concession RFP

Recommended Proposer – Joint Venture Partner

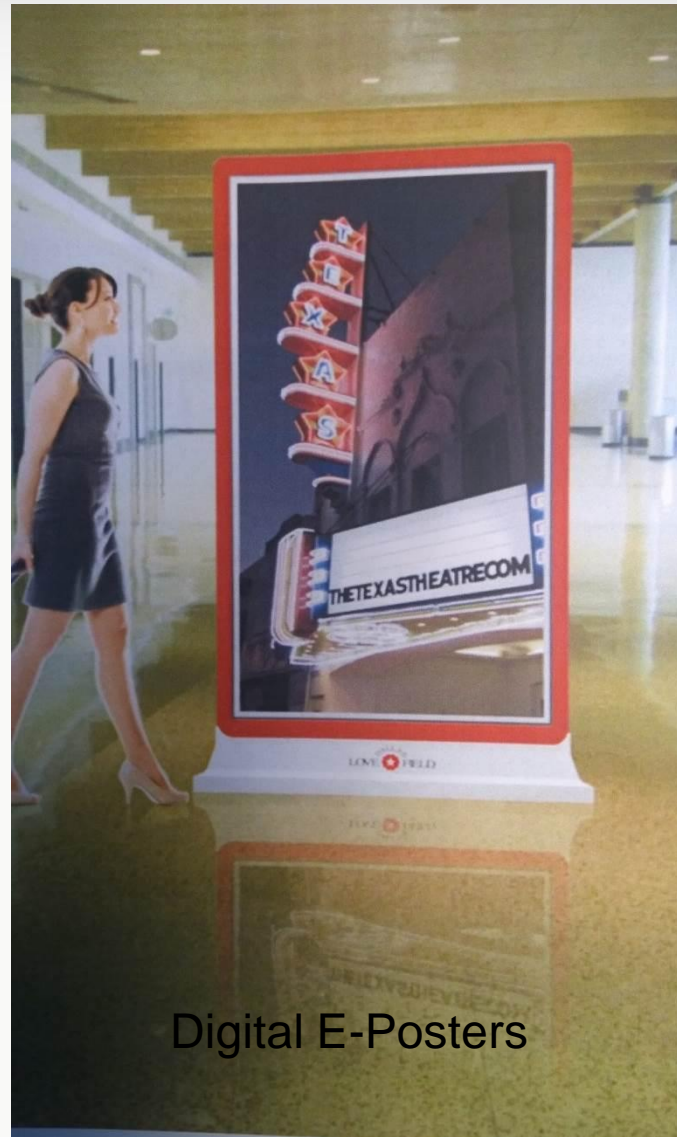
Hattie Wayne Public Relations & Advertising (ACDBE)

- 12% ownership in Joint Venture
- Dallas advertising and marketing community veteran
- Will be responsible for:
 - Assisting the JV in advertising sales and marketing
 - Spearheading the Grow South advertising display program

Corey Airport Services

Approved Locations – Package #1

Fixture Type	Pre-Security	Post Security
Wall Unit (Fabric)	6	9
Digital “E” Posters	1	6
Digital Wall Units Baggage Claim	4	-
Information Kiosks Baggage Claim	2	-
Grow South Kiosks	2	1
Display Locations (Auto)	2	-
Wrap Locations	4	3
Total Approved Locations	21	19



Digital E-Posters



Elevation

Grow South Kiosks



Informational Touchscreen Kiosks

Advertising Concession RFP

Corey Airport Services - Recommended Proposer

- Airport identified 27 approved locations
 - Other locations (to be approved by DOA) could be included in a vendor's proposal
- 40 locations were proposed and approved
 - Due to amount of capital being invested, long vetting process required to determine appropriateness of each location
 - Airport administration and tenant buy-in necessary prior to approval of locations
 - Created mock-ups of proposed display types to gauge size and appearance
 - Construction projects in terminal made it difficult to visualize finishes of displays and how they would fit in with overall design

Advertising Concession Request For Proposals

Corey Airport Services - Recommended Proposer

- Submitted proposals solely for Packages 1 – 3
- Only one proposer (Titan) submitted a proposal for Packages 4 and 5
 - Acceptance of any other packages was contingent upon receiving recommendation for Package 1
- Recommend re-advertisement of Package 4 and 5

Advertising Concession Request For Proposals

Corey Airport Services - Recommended Proposer

- Based on Economic Development Committee discussion from November 17, 2014, staff recommends awarding Packages 1 – 5 to Corey Airport Services
- Financial Proposals for Packages 4 & 5 include:

Package 4 Roadways	Percentage Rent	Locations
Corey Airport Services	70% - 73%	Pole banners

Package 5 Vertiport	Percentage Rent	Locations
Corey Airport Services	70% - 73%	Exterior Signs

Advertising Concession Request For Proposals

Corey Airport Services - Recommended Proposer

Operations and Management Plan

- Will open local office within close proximity to the airport
 - Office will serve as headquarters for the Joint Venture
 - Staffed with full-time General Manager to assist and support the Joint Venture in both sales and operations
 - Primary duties will be to sell and service local and regional advertising accounts and assist in operations of the concession
 - Corey's Atlanta team will support the JV with marketing, legal, administrative and accounting services

Advertising Concession RFP

Corey Airport Services - Recommended Proposer

National Sales Experience & Capabilities

- Over 30 years of out of home media experience with dedicated personnel to sell and service national accounts
 - Sales offices located in Atlanta, New York, Southern California
 - Actively selling on national accounts for other airport advertising concessions
 - Fostered relationships with airport advertising buying services
- Extensive national advertising experience for large venues
- Sample of recent national accounts advertising in Corey's airports include:
 - AT&T
 - American Express
 - Gillette
 - Blue Cross/Blue Shield
 - Coca Cola
 - Proctor & Gamble
 - Ernst & Young
 - Northrup Grumman
 - Ticketmaster
 - PGA Superstores
 - Yum Brands
 - Westin Hotels

Next Steps

Seek Council approval for a contract with Corey Airport Services for Advertising Concession Packages 1-5 on December 10, 2014 Agenda