



Memorandum

TO: HONORABLE MAYOR AND
A.A.E.
CITY COUNCIL

FROM: William F. Sherry,

SUBJECT: SEE BELOW

DATE: May 15, 2007

Approved

Date

6/8/07

Council District: Citywide

**SUBJECT: EXERCISE OF THIRD ONE-YEAR OPTION TO EXTEND
CONSULTANT AGREEMENT WITH BARNESTORMING ADVERTISING AND
MARKETING COMMUNICATIONS**

RECOMMENDATION

Approval to exercise a third one-year option to extend the agreement with Barnestorming Advertising and Marketing Communications, to conduct marketing communications and customer service consulting services for the Norman Y. Mineta San José International Airport for the period of July 1, 2007 through June 30, 2008 in an amount not to exceed \$185,000, within the original not-to-exceed contract amount of \$740,000.

OUTCOME

The approval of this one-year option to extend the agreement with Barnestorming Advertising and Marketing Communications (Barnestorming) ensures the continuation of a strategic and cost effective resource for customer service, community outreach, and air service development communications.

BACKGROUND

On June 1, 2004, City Council adopted a resolution authorizing the City Manager to negotiate and execute an agreement with Barnestorming for the Norman Y. Mineta San José International Airport (Airport) to conduct marketing communications and customer service consulting services for the period from July 1, 2004 through June 30, 2005, in an amount not to exceed \$185,000. The agreement provides that the City may exercise up to

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three additional one-year options to extend the agreement, on a fiscal year basis, to June 30, 2008, for a total amount not to exceed \$740,000, subject to annual appropriation of funding for each option year. City Council adopted resolution No. 72126 with the stipulation that prior to the exercise of any one-year option, staff will return to Council with an update on accomplishments and ongoing marketing efforts associated with this contract. The City Council approved the exercise of the first option on

June 21, 2005 and the second option on June 13, 2006.

ANALYSIS

In FY 2006-2007 the marketing objectives of Mineta San Jose International Airport have focused on Air Service Development, Customer Service Initiatives, the Airport Improvement Program and On-Site Concessions Sales.

In the face of challenges such as an airport under construction, an uncertain industry climate and shifting priorities of airlines that are scrambling to minimize their costs and maximize their resources, Mineta San Jose International has strived to enhance service and communication to its customers and stakeholders, to increase efforts to bring new air service to San Jose, and to support the efforts of its concessionaires.

Barnestorming has continued to be a valuable resource for the Airport, in addressing these objectives from marketing, advertising and communication perspectives. Barnestorming has provided strategic and creative communication solutions and managed the production of strategies and outreach tools such as a new branding initiative, executive direct mail, on-site communications and environmental graphics.

In FY 2006-07, Barnestorming has successfully completed customer service, community outreach, and air service development communications objectives that align with City Council policy:

Community Outreach

- To maximize outreach for community meetings, Barnestorming developed advertising and materials to support community outreach efforts.
- A pocket brochure was developed and distributed at the Grand Prix, which included the airlines flying from the Airport, a map of the Airport, travel tips and the suggestion to visit the Airport web site.
- Barnestorming supported the Airport Improvement Program by developing communication materials for the Design Build outreach meetings.

- To support Airport concessions, Barnestorming developed a “Get it at the Airport” campaign. This on-site program of banners, signs and brochures provides information about Airport concessions, i.e., goods and services, pricing, etc., and encourages travelers to buy what they need for their flight at the Airport.

Air Service Development

- As part of the Air Service Development strategy, staff determined that airline route planners did not understand the significance of Mineta San Jose International Airport, and the opportunity air service from San Jose represents. To help educate route planners, Airport marketing staff and Barnestorming developed a new strategic branding initiative. This initiative includes the logotype: “Fly San Jose. Airport of Silicon Valley and The Bay Area”. This logotype is used on all informational and promotional communications, clearly defining the SJC brand proposition to route planners.
- To inform route planners of the significance of SJC and encourage them to recommend service from San Jose, Airport staff and Barnestorming developed a five-part executive direct mail program. Each of the five communications reinforced the Airport’s brand proposition, (Airport of Silicon Valley and the Bay Area), provided statistics and demographics of the Airport’s service area, introduced the Air Service Incentive Program and invited route planners to respond to Airport staff for additional information.
- When MAXjet executives visited San Jose as part of their evaluation process, Barnestorming supported the effort by designing and coordinating “Welcome” signage and assisted with the event itinerary.
- To influence Peninsula residents (who can choose SFO or SJC), the Fly San Jose logotype appeared on the football stadium electronic display at all Stanford home games. A print ad developed by Barnestorming ran in the game day programs.
- Barnestorming is currently planning and developing a local campaign to encourage residents to send emails stating their air service desires to Airport staff (moreflights@sjc.org). The upcoming campaign includes a variety of business and general interest print opportunities.
- Barnestorming’s “Los Abuelitos” (The Grandparents) TV spot developed to support Mexicana’s non-stop service to Mexico City won an Airports Council International Award as one of the top airport-oriented TV commercials in the nation in 2006.

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Customer Service/Community Outreach

- When the Airport initiated an Alternate Check Point for Terminal A passengers, Barnestorming wrote, designed and produced handouts and signs, providing travelers with information and directions for using the new checkpoint.
- When Mexicana Airlines moved from Terminal C to Terminal A, Barnestorming produced signs and fliers announcing the move.
- To improve the holiday travel experience, a Thanksgiving and Christmas holiday outreach campaign showcased access, parking, travel tips, the “Guaranteed Parking” program and offered a \$3 discount for Airport parking, which was a contributing factor in increasing parking revenue during the holiday period.
- To provide traveler convenience and to reduce on-site check-in lines, Remote Check-In Electronic Kiosks were purchased for placement in hotels and the San José Convention Center. Barnestorming titled and developed graphics and the attract-mode screensaver for these kiosks.
- To support Airport concessions, Barnestorming developed a “Get it at the Airport” point-of-sale campaign. This program of banners, signs, kiosks, posters, bus cards and brochures provides information about Airport concessions, i.e., goods and services, pricing, coupons, etc., and encourages travelers to buy what they need for their flight at the Airport. This campaign has contributed to a 14% increase in concession sales.
- Barnestorming is currently developing the second phase of the Get it at the Airport campaign.
- Airport staff and Barnestorming are currently engaged in the development of a new tagline to brand the construction phase of “The New Airport”, scheduled for completion in 2010. This tagline will appear on all signage and communications, providing continuity, identifying construction projects as part of the Airport Improvement Program, and communicating the significance of the project and pride in the outcome.

ALTERNATIVES

The alternative to exercising the third one-year option to extend the agreement with Barnestorming would be to create and produce outreach campaigns such as television, radio, newspaper advertising, brochures/fliers and to conduct media purchases with existing Airport staff. However, current staff does not have the professional experience or expertise to develop these outreach campaigns. Existing staff is focused on business

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and community outreach. The Airport would have to hire at least two additional staff members to perform the services provided through this contract.

PUBLIC OUTREACH

Not applicable.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This Council memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

The amount of the initial term of the agreement was \$185,000 with a not to exceed amount of \$740,000 for the total term of the agreement, including the three option periods, subject to annual appropriation of funds by the City Council.

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BUDGET REFERENCE

Fund #	Appn.#	Appn. Name	RC#	Total Appn.*	Amount of Contract	2007-08 Proposed Budget Page*	Last Budget Action (Date, Ord. No.)
523	0802	NP/Equip-Airport	130110	\$39,682,372	\$185,000	Page XI-3	

*The 2007-2008 Operating Budget and the implementing appropriation ordinance are scheduled for approval by the City Council on June 19, 2007.

CEQA

Resolutions No. 67380 and 71451, PP 07-057



WILLIAM F. SHERRY, A.A.E.
Director of Aviation