



Memorandum

TO: Honorable Mayor and
City Council

FROM: William F. Sherry, A.A.E

SUBJECT: SEE BELOW

DATE: February 1, 2010

Approved

Date

2/4/10

COUNCIL DISTRICT: City-Wide

SUBJECT: APPROVAL OF A FIRST AMENDMENT TO THE MASTER AGREEMENT FOR CONSULTANT SERVICES WITH BARNESTORMING ADVERTISING AND MARKETING COMMUNICATIONS FOR AIRPORT MARKETING, COMMUNICATIONS AND EVENT SUPPORT

RECOMMENDATION

Approve a first amendment to the Master Agreement for Consultant Services between the City of San José ("City") and Barnestorming Advertising and Marketing Communications ("Barnestorming") to:

- a. Add marketing services to be paid in full using marketing funds collected by the City from the food and beverage and retail concessions at the Airport pursuant to the terms of the Airport food and beverage and retail concession agreements; and
- b. Increase the compensation by an amount not to exceed \$45,000 of concessionaire-paid marketing funds for the initial term of the Agreement, for a total amount not to exceed \$415,000; and
- c. Increase the compensation by an amount not to exceed \$45,000 of concessionaire-paid marketing funds for the first one-year Option Period of the Agreement, for a total amount not to exceed \$230,000, and a total maximum contract amount not to exceed \$830,000.

OUTCOME

The First Amendment to the Agreement would add food & beverage and retail concession marketing to Barnestorming's scope of services, allowing for a collaborative marketing program between the Airport and its concessionaires. The additional services would be paid fully by the

Airport's food & beverage and retail concessionaires through a marketing fee that the concessionaires pay to the City pursuant to the terms of the Airport concession agreements.

BACKGROUND

The Airport issued a Request for Qualifications on March 25, 2008, in order to secure marketing, communications and event support services for the Airport. On June 24, 2008, Council approved a Master Agreement for Consultant Services with Barnestorming Advertising and Marketing Communications ("Barnestorming"). The Agreement provides for a two year term which began July 1, 2008, and extends through June 30, 2010, in an amount not to exceed \$370,000. The Agreement also includes two, one-year options at the City's sole discretion to extend the term on a fiscal year basis to June 30, 2012, in amounts not to exceed \$185,000 per year for a total contract amount not to exceed \$740,000.

The Airport has two food & beverage concession agreements and two retail concession agreements that require the concessionaires to pay a Joint Marketing Fund Fee equal to one half of one percent of their gross revenues to be used for marketing the concessions at the Airport. The current amount of these funds on hand is approximately \$52,000. It is estimated that once the concession program is fully operational the fee will generate a total annual amount of \$160,000.

ANALYSIS

Airport staff has met with the concessionaires participating in the Joint Marketing Fund Fee in order to secure their recommendations on how to market their concessions. The concessionaires unanimously agreed that a consultant, specifically Barnestorming, should be utilized to provide support for the marketing of their concessions. Airport staff recommends increasing the maximum compensation of the Agreement by an amount not to exceed \$45,000 for the remainder of the initial term through June 30, 2010, and by an amount not to exceed \$45,000 for the first option term, in order to incorporate the concession marketing work in the Agreement. The additional services would be paid fully by the Joint Marketing Fund Fee that is collected from the concessionaires.

The Airport could conduct another Request for Qualifications for the concession marketing, but staff believes there are benefits to using the current Agreement with Barnestorming. The benefits include the potential collaborative effort between the Airport's marketing and concessionaire's marketing as well as concessionaire's benefitting from Barnestorming's experience in the concession marketing at the Airport.

EVALUATION AND FOLLOW UP

The Director of Aviation shall be responsible for coordination of this Agreement and shall render overall supervision of the progress and performance.

POLICY ALTERNATIVES

Not Applicable

PUBLIC OUTREACH/INTEREST

- Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website posting)**

- Criterion 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)**

- Criterion 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)**

This item does not meet the above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the February 9, 2010 Council Meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Budget Office.

COST SUMMARY/IMPLICATIONS

The Airport holds the Joint Marketing Fund which will provide funding for this increase. Expenditures will be charged directly against the Joint Marketing Fund the balance of which currently totals approximately \$52,000.

CEQA

Resolutions No. 67380 and 71451, PP 09-216

HONORABLE MAYOR AND CITY COUNCIL

Subject: Approval of First Amendment to the Master Agreement for Consultant Services

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For more information or answers to questions, please contact William F. Sherry, Director of Aviation, at (408) 501-7669

/s/

WILLIAM F. SHERRY, A.A.E.

Director of Aviation

Airport Department