



City of San Antonio

Agenda Memorandum

File Number:18-5295

Agenda Item Number: 18.

Agenda Date: 10/11/2018

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Agreement with AC Holdings, Inc. (CNN Airport Networks) for network programming services at the San Antonio International Airport

SUMMARY:

This Ordinance authorizes an agreement with AC Holdings, Inc. (CNN Airport Networks) for news, entertainment and advertising program services in the gate areas in both terminals in the San Antonio International Airport for the initial term of five years with the option to extend for an additional two-year period. CNN Airport Networks shall provide, install, operate and maintain all equipment, and provide all personnel for those operations, as part of the agreement. This agreement is anticipated to generate at least \$45,000.00 per year which will be placed in the Airport Operating and Maintenance Fund.

BACKGROUND INFORMATION:

The Airport System (SAAS) is continuously looking to improve the passenger experience, which recently has included new public art installations that recognize local artists; solicitation of new food, beverage and retail concessionaires; and, the opening of the short-term parking garage and consolidated rental car facility.

The Aviation Department has met with vendors about the potential to initiate network programming services in the gate areas. CNN Airport Networks provided the most attractive package which includes a revenue sharing option and no requirement for the City to purchase equipment. Approximately 60 airports use CNN Airport Networks including Houston Hobby and Bush Intercontinental, Denver, Atlanta, DFW, Dallas Love, Nashville, Salt Lake City and Jacksonville. Airport System staff reached out to several participating airports about their

experience with the service. CNN Airport Networks received high marks for responsiveness and having news tailored to an airport audience. As a revenue contract, the City was not required to solicit for these services.

Agreement with CNN Airport Networks

- The firm will provide, install, operate and maintain all equipment at their sole cost. This equipment includes all the monitors in the gate rooms of each terminal.
- The firm will provide the personnel for installing, maintaining or repairing the equipment. In the case of an emergency situation, the Airport System will provide a prompt written notice to the firm and provide the firm with an opportunity to participate in handling the situation before moving, disconnecting or handling the equipment.
- The Airport System will provide the IT, including a sustained bandwidth, needed for the network programming services, which has been coordinated with ITSD.
- The firm will provide 44 minutes of news, information and entertainment tailored to an airport audience as well as 16 minutes of advertising or promotional time, including up to six, 1-minute videos that the Airport System can use for promotional purposes and that follows Federal Aviation Administration advertising regulations.
- The programming provided by CNN Airport Networks includes access to games from the NFL (including the Super Bowl game), NBA, MLB, NCAA and entertainment pieces from TBS's Conan, HBO's Real Sports and Cartoon Network's Adventure Time. The programming also has the ability to use supplemental emergency messaging system to enhance communication during an emergency.

ISSUE:

This Ordinance authorizes an agreement with AC Holdings, Inc. (CNN Airport Networks) for news, entertainment and advertising programming services in the gate areas in both terminals in the San Antonio International Airport for the initial term of five years with the option to extend for an additional two-year period. CNN Airport Networks shall provide, install, operate and maintain all equipment, and provide all personnel for those operations, as part of the agreement.

This agreement is anticipated to generate revenue of at least \$45,000.00 per year which will be placed in the Airport Operating and Maintenance Fund. Over the initial 5-year term, revenue generated is anticipated to be at least \$225,000.00, and if the 2-year extension is exercised the total revenue generated for the agreement will be at least \$315,000.00.

City Council authorization is required for concession or revenue contracts over \$50,000.00.

ALTERNATIVES:

City Council could elect to not approve this contract for network programming services at the San Antonio International Airport. However, this service will generate at least \$45,000.00 in annual revenue to the Airport and provide passengers with the ability to view news, entertainment and information as well as national and local advertising or promotions while they wait for their aircraft to depart.

FISCAL IMPACT:

This contract will generate at least \$45,000.00 annually for the Airport Operating and Maintenance Fund. CNN Airport Networks will pay the Airport the greater of \$45,000.00 or the Airport System Revenue Share Payment which is determined by multiplying a fraction; the numerator of which is the viewing audience for the service

during a quarter and the denominator is the measured viewing audience for Service of all domestic airport eligible to receive a portion of advertising revenue during the same quarter.

Over the initial 5-year term, revenue generated is anticipated to be at least \$225,000.00, and if the 2-year extension is exercised the total revenue generated for the agreement will be at least \$315,000.00.

RECOMMENDATION:

Staff recommends the approval of a contract with AC Holdings, Inc. for network programming services at the San Antonio International Airport.