



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 39

**Agenda Date:** June 6, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Aviation Department

**DEPARTMENT HEAD:** Jesus H. Saenz Jr.

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Airport Network Programming Service Agreement for the San Antonio International Airport

**SUMMARY:**

This ordinance will approve an Airport Network Programming Service Agreement with Travel Content LLC dba ReachTV for network programming services for passengers to utilize in the gate areas at the San Antonio International Airport. The initial term of the agreement is five years with an automatic renewal of two, one-year periods unless earlier terminated by either party with a 90-day written notice that the term would not be renewed. This agreement has a minimum annual guarantee of \$60,000 and the revenues will be deposited into the Airport Operating and Maintenance Fund.

**BACKGROUND INFORMATION:**

The Airport System (SAAS) is continuously looking to elevate the passenger experience and generate additional non-aeronautical revenue to support its operations. On January 27, 2022, the City issued a Request For Information to interested parties seeking their interest in providing network programming services in the gate areas of the San Antonio International Airport. The City

has the infrastructure to provide these service from a previous vendor who assigned the assets to the City of San Antonio.

Of the two proposals received, ReachTV provided the most attractive package. The firm provides high-quality content to 78 U.S. Airports and will provide continuous audio and video programming packages consisting of approximately 44 minutes of programming (news, information and entertainment television programming material) and approximately 16 minutes of advertising and promotional time per hour. Their programming will be suitable for a public viewing audience, have no graphic or live video coverage of aviation accidents or incidents, non-political, does not contain graphic, violent or sexual content or profane language and provides captioning to comply with ADA regulations. Of the 16 minutes of advertising time, ReachTV will make available to the Airport System, at no charge, for use by the Airport System or any corporation, organization, or entity with which the Airport System has entered into an Airport System-wide advertising concession agreement.

#### **ISSUE:**

This ordinance will approve an Airport Network Programming Service Agreement with Travel Content LLC dba ReachTV for network programming services for passengers to utilize in the gate areas at the San Antonio International Airport. The initial term of the agreement is five years with an automatic renewal of two, one-year periods unless earlier terminated by either party with a 90-day written notice that the term would not be renewed. This agreement has a minimum annual guarantee of \$60,000 and the revenues will be deposited into the Airport Operating and Maintenance Fund.

As part of the agreement, the City will grant ReachTV a license to use the approved installation. ReachTV will be responsible at its sole cost and expense to upgrade and maintain all the service equipment during the term of the agreement. The vendor will operate, repair, and maintain the agreement at its sole cost and expense. For future gate areas, ReachTV agrees to use commercially reasonable efforts to further expand installation upon the reasonable request of the Airport. ReachTV agrees that the maximum sound level of the audio portion of the service within each area displaying the service will be acceptable to the Airport System and not interfere with any public announcements made by the Airport System or the air carriers in the area. The vendor will routinely monitor its sound control devices responsible for automatically increasing and decreasing the volume to ensure that the calibration is appropriate.

#### **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 \$60,000 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:**

Over the initial five years of the agreement, this agreement will generate at least \$300,000 for deposit into the Airport Operating and Maintenance Fund, and if both years of the options are renewed, this agreement will have generated at least \$420,000 for the Airport Operating and Maintenance Fund.

ReachTV will pay the greater of (i) the Guaranteed Amount of \$15,000 per quarter per the terms of this Agreement, or (ii) the Airport System Revenue Share Payment. ReachTV shall calculate the Airport System's Revenue Share Payment for the immediately preceding calendar quarter. If the Airport System's Revenue Share Payment for such prior quarter exceeds the Guaranteed Amount previously paid to the Airport System for that quarter, ReachTV shall pay the Airport System the difference within 30 days following the end of such calendar quarter. If the enplaned passengers using the gates within the Airport for any calendar year after 2024 decreases by 20% or more below the level of enplaned passengers for the previous calendar year, then the Guaranteed Amount that the Concessionaire is required to pay will be reduced proportionately to the reduction in the number of enplaned passengers for that specific year.

**RECOMMENDATION:**

Staff recommends the approval of the Airport Network Programming Service Agreement with ReachTV for network programming services at the San Antonio International Airport.