



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 12

Agenda Date: March 9, 2023

In Control: City Council A Session

DEPARTMENT: Aviation Department

DEPARTMENT HEAD: Jesus H. Saenz Jr.

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Award of On-Call Advertising and Marketing Professional Services Agreement with the San Antonio Airport System

SUMMARY:

This Ordinance will authorize a professional services agreement with KGBTexas Marketing/Public Relations, Inc. d/b/a KGBTexas Communications (KGBTexas) for on-call advertising and marketing services for the San Antonio Airport System (SAAS). The term of the agreement is for three years with the option to extend for two, one-year periods. The total contract amount is an amount not to exceed \$10,000,000.00 over the entire contract period. Funding in the amount of \$2,000,000.00 for the first year of contract is available from FY 2023 Airport Operating and Maintenance Fund Budget. Funding for subsequent years is contingent upon City Council approval of the annual budget.

KGBTexas will provide advertising and marketing services to support various programs within the San Antonio Airport System including the Terminal Development Program, Airline Incentive Program, airport concessions, parking, general airport marketing campaigns and any other marketing, strategic communications and public relations activities required by the Aviation Department. Projects are assigned under this agreement through an “on-call” task order basis to allow flexibility to the Aviation Department staff, airlines and concessionaires to address their

marketing and advertising needs. The City does not make any minimum guarantee pertaining to the volume of work which may be expected from the consultant.

In accordance with federal requirements, the solicitation was released under the federal Disadvantaged Business Enterprise (DBE) program.

BACKGROUND INFORMATION:

The City seeks an experienced marketing and public relations firm to support its marketing and advertising efforts for the San Antonio Airport System. In the past, the consultant has supported the Air Service Incentive and Concessions Marketing programs as well as general marketing/advertising efforts for other airport system programs. With the kick-off of the Terminal Development Program and the high public engagement/communication components, the City determined a full-service agency was required to lead the marketing and advertising activities for both the San Antonio International Airport and Stinson Municipal Airport to ensure consistent messaging in all campaigns.

- **Terminal Development Program:** The Terminal Development Program will design and construct a new terminal facility and roadway improvements to better serve our community. As one of the largest capital programs in the City's history, it is vital the residents, stakeholders, passengers and visitors to the San Antonio International Airport receive consistent updates and progress stories over various media. The consultant will create, develop and implement a marketing and communications plan to support the Terminal Development Program, including assisting in brand creation and development.
- **Air Service Development Incentive Program:** As part of the Incentive Program, the City offers marketing incentives to the airline initiating new non-stop service or entering the San Antonio market. As required by the Federal Aviation Administration (FAA), the firm will assist the airline in developing a customized marketing plan. The marketing firm will provide design services and make procurements not to exceed a specified dollar amount as detailed in the signed incentive agreement. The marketing plan specifically promotes San Antonio International Airport (SAT), the eligible airline's brand and the new route between San Antonio and the new destination. Based on the 2018 Economic Study of the San Antonio Airport System, the launch of a new domestic flight generates millions of dollars in economic impact for the San Antonio region. For example, it is estimated that the launch of daily non-stop service on jetBlue to Boston has generated \$19.74 million annually through direct and indirect spending of passengers.
- **Airport Concession:** The firm will support the concession program and facilities at the San Antonio International Airport. In accordance with their concession agreements, concession owners and operators at SAT fund a central marketing and promotional program for the purpose of increasing sales and promoting good customer service. These services are in accordance to the Airport Concessions Disadvantage Business Enterprises (ACDBE) Program. Revenue generated from concessions and parking programs are non-aeronautical and are used to fund operations at the San Antonio International and Stinson Municipal Airports.

The marketing, strategic communications and public relations activities may include, but are not limited to:

- Any activities associated with advertising, marketing, public relations, digital strategy and social media
- Assist with positioning the Airport System as a preferred brand, a key economic driver for our region, and an airport industry leader
- Supporting community and stakeholder engagement efforts
- Develop and implement targeted marketing communications and targeted digital, programmatic, native, streaming, social and outdoor channels as well as other media channels as appropriate
- Develop and implement annual parking, concessions and amenities marketing communications plans including timelines and budgets to increase non-aeronautical revenue and enhance customer experience
- Act on new opportunities to partner with existing or potential new airline partners to increase revenue
- Create, develop and implement marketing communications campaigns to promote new routes, capacity increases, regional/demographic or industry-specific targets and specific operational changes. Launch campaigns for new airline entrance under the Airline Incentive Program and general air service program. Develop consumer marketing campaigns for Mexico, Canada and Europe
- Assist with brand creation, development and related brand usage guidelines for the Terminal Development Program. Develop branding and brand management for individual campaigns for Terminal Development Program and other new or capital projects or programs
- Provide support materials including photography, videography, digital development, and creative development across all campaigns as needed
- Develop and administer consumer opinion programs to assist concession managers with sales and customer service techniques and training
- Evaluate and implement social media tools to track campaigns, engagement, conduct competitive research and engage airport team to share content
- Assist with content creation, boosting tracking and reporting of key metrics
- Provide paid social media support through boosting and social media advertising
- Assist in developing external global brand identity for San Antonio International Airport including new or refreshed logo/tagline or other marketing materials
- Provide strong internal communications plan to keep employees and stakeholders informed and engaged
- Assist in pitching stories to media in English and Spanish as appropriate for audience
- Assist staff in developing strategies and implementation plans for inclusive domestic and international public relations with a focus on the Terminal Development Program. Include diverse targeted audiences within our local, national, and industry-wide outlets
- Evaluate goals, objectives and plans and provide recommendations on how to effectively communicate the airports' mission and strategic goals in a timely and efficient manner
- Provide best practice examples and pioneering suggestions on methods to improve campaign integration, messaging, brand positioning and reach
- Administer the purchase of goods and services related to the HigherMe, mystery shopper and other subscriptions and online programs

- Assist with supporting a variety of events including employee appreciation, sponsored events, air service, concessions and other programs. Services may include concept and event plan development; production and show management; promotion of events; equipment rentals; production and procurement of gifts; and, soliciting future hosting opportunities by the Airport System

ISSUE:

The solicitation for these services was briefed to City Council on May 18, 2022 as a pre-solicitation briefing. The Request For Proposals was released on July 1, 2022. Five proposals were received on August 19, 2022. The five proposals were forwarded to the evaluation committee for consideration. An evaluation committee comprised of representatives from the City's Manager Office, San Antonio Airport System, Communications and Engagement, greater: SATX and Texas Partners Bank reviewed the proposals and scored them based on the published criteria: experience, background qualifications; proposed plan; price; and, Disadvantaged Business Enterprise (DBE) on October 12, 2022 and selected the three top scoring firms for interviews. The committee interviewed the firms on October 21, 2022 and scored the firms based on the same criteria. The top two highest ranked firms were selected for interviews, and were scored on the same criteria on November 29, 2022. KGBTexas was the highest ranked firm and recommended for contract.

Disadvantaged Business Enterprise

The solicitation was released under the Federal Aviation Administration (FAA) Disadvantaged Business Enterprise (DBE) Program, therefore, the DBE Program requirements of Title 49 Code of Federal Regulation (CFR) Part 26 applies. The goal is set based on relative availability of certified DBE firms in relation to the universe in specific trades in the primary market. The primary market is San Antonio Metropolitan Statistical Area however participation is open for all DBE certified firms from anywhere in Texas or the nation. The DBE Liaison Officer established a contract specific goal of 15.42% of the total dollar value of the contract with 10 points applied to all firms for meeting the DBE Goal and 10 points were applied based on their narrative statement.

ALTERNATIVES:

This agreement will support the Airport System's marketing and advertising efforts from concessions, air service, the Terminal Development Program and event planning. These services help increase non-aeronautical revenue generation as well as the economic activity of our city. City Council could elect to have the Aviation Department submit a request for qualifications for each task order separately. However, the on-call agreements allow the City departments to expedite the delivery of these services and a consistent branding throughout all Airport System marketing services.

FISCAL IMPACT:

This Ordinance will authorize a professional services agreement with KGBTexas Marketing/Public Relations, Inc. d/b/a KGBTexas Communications (KGBTexas) for on-call advertising and marketing services for the San Antonio Airport System (SAAS). The term of

the agreement is for three years with the option to extend for two, one-year periods. The total contract amount is in an amount not to exceed \$10,000,000.00 over the entire contract period. Funding in the amount of \$2,000,000.00 for the first year of contract is available from FY 2023 Airport Operating and Maintenance Fund Budget. Funding for subsequent years is contingent upon City Council approval of the annual budget.

RECOMMENDATION:

Staff recommends the approval of the agreement with KGBTexas for on-call advertising and marketing services for the San Antonio Airport System.