



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Aitken

**SUBJECT:** SEE BELOW

**DATE:** June 8, 2020

Approved

*D. DSYL*

Date

6/10/2020

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT  
MARKETING STRATEGY & EXECUTION CONSULTANT SERVICES  
AGREEMENTS**

## RECOMMENDATION

Adopt a resolution:

- (a) Approving the final ranking of the respondents to the Marketing Strategy and Execution Services RFQ;
- (b) Authorizing the City Manager to negotiate and execute up to five (5) Master Consultant Agreements with the five (5) highest-ranked respondents and with the next highest-ranked respondents, in order, in the event that the City cannot reach agreement with any one or more of the five highest-ranked proposers, in an amount not to exceed \$9,600,000 for each Agreement for a term of five (5) years from the date of execution by the City and for a total expenditure for all executed Master Consultant Agreements not to exceed \$9,600,000.

## OUTCOME

Authorization for the City Manager to negotiate and execute Master Consultant Agreements (Agreements) as described in this memorandum to enable Airport staff to develop and execute marketing programs for the Airport that drive the return of passengers and continued growth, while enhancing the customer experience at the Airport. Rather than select a single consultant to provide marketing consultant services at the Airport, the selection of up to five consultants provides Airport staff flexibility and breadth of expertise with respect to dedicated marketing consulting resources.

## **BACKGROUND**

The Airport is a strategic asset for achieving the City's economic development goals. Air service provides an essential link to support and sustain Silicon Valley's quality of life by moving people and products between San José and both domestic and global destinations. To sustain the Airport's growth, it is critical that we market the benefits of the Airport and its services to travelers and convince them to make SJC the airport of choice for their air travel needs.

The disruption of air travel due to COVID-19 is enormous, and health concerns are a significant factor affecting air travel for the foreseeable future. Given the already competitive landscape for attracting passengers and new airline services, effective marketing efforts must continue for both the domestic and international markets to recover. A deliberate and focused marketing program is critical to drive passenger demand.

The City has routinely used outside agencies/consultants to provide marketing services at the Airport. The City's current Airport marketing consultant agreement, including all extension options, expires on September 30, 2020. In anticipation of the expiration of that existing agreement, Airport staff issued a new Request for Qualifications (RFQ) for Airport marketing consultant services on December 20, 2019.

## **ANALYSIS**

Airport staff issued a RFQ for Airport marketing consultant services on December 20, 2019, through the City's official solicitation platform, Biddingo. Staff also conducted direct outreach to more than 600 local, national, and international marketing consultant firms. The period for submitting Statements of Qualifications (SOQs) was six weeks, and more than 50 companies viewed the RFQ. Eighteen firms submitted complete SOQs in response to the RFQ.

Staff reviewed the SOQs against the criteria set forth in the Minimum Qualifications described in the Marketing Strategy and Execution Services RFQ. Sixteen (16) of the eighteen (18) companies that submitted their SOQ within the deadline met the minimum qualifications.

An evaluation panel reviewed the sixteen (16) SOQs that met the minimum qualifications. The panel included representatives from the Airport, Office of Economic Development, and Team San Jose. Each panelist evaluated the SOQs based on the criteria and weight below:

### **Evaluation Criteria and Possible Points**

**Experience of Key Members: 25 points**

**Overall Experience of Respondent: 40 points**

**Customer References/Firm Reputation: 25 points**

**Local/Small Business Enterprise: 5 - 10 points**

**TOTAL: 100 points**

Each member of the evaluation panel independently evaluated and scored each SOQ according to the Evaluation Criteria. Each respondent's numerical score is the average of the scores given by the evaluation panel members for that respondent. The SOQs were ranked from highest to lowest based on their respective numerical scores. The final ranking of the sixteen (16) respondents that met the minimum qualifications along with their scores is shown in Table 1 below:

**TABLE 1: Final Ranking of Respondents and Average Score of the Evaluation Panel**

<b>RESPONDENT</b>	<b>Average Evaluation Panel Score</b>	<b>FINAL RANK</b>
<b>MMGY Global</b>	<b>81.4</b>	<b>1</b>
<b>Gale</b>	<b>72.6</b>	<b>2</b>
<b>Blue State Co</b>	<b>71.6</b>	<b>3</b>
<b>Liquid Agency</b>	<b>69</b>	<b>4</b>
<b>Prophet</b>	<b>67.4</b>	<b>5</b>
<b>Mering</b>	<b>67.2</b>	<b>6</b>
<b>D&amp;A</b>	<b>66.4</b>	<b>7</b>
<b>AAAZA</b>	<b>64</b>	<b>8</b>
<b>Elephant</b>	<b>62.8</b>	<b>9</b>
<b>Plan B</b>	<b>60.4</b>	<b>10</b>
<b>Mower</b>	<b>58</b>	<b>11</b>
<b>Struck</b>	<b>58</b>	<b>11</b>
<b>sidlee</b>	<b>55.2</b>	<b>13</b>

<b>UWG</b>	<b>53.6</b>	<b>14</b>
<b>Accenture Consulting</b>	<b>52</b>	<b>15</b>
<b>Serviceplan Group</b>	<b>33</b>	<b>16</b>

Based upon the range of marketing needs of the Department, Airport staff recommends negotiating and executing Agreements with up to five of the most qualified firms. Following is a brief summary of the five highest-ranked firms in Table 1:

**MMGY Global:** MMGY is the world’s largest integrated marketing agency specializing in the travel, tourism and hospitality industries.

**Gale:** Gale is a global full-service agency that works across many sectors including Travel & Hospitality, Retail, and Government. Some of their travel customers include TravelEdge, Carnival Cruises, Genting (the world’s largest casino resort property), and Hard Rock Hotels.

**Blue State Co:** Blue State is a global grassroots marketing agency. Blue State was born out of the winning Obama 2008 campaign, and now works with clients such as Google, REI, Starbucks and others.

**Liquid Agency:** Liquid is a local agency headquartered in San Jose with four other offices across US and Latin America. Some of Liquid’s clients include Nike, Walmart, Facebook, and HP.

**Prophet:** Prophet is a global marketing consulting firm with experience working for many airports including Denver International Airport, Cleveland Hopkins International Airport, SFO, and Houston Airports System. They have 12 global offices including a presence in San Francisco.

## **CONCLUSION**

For the reasons set out above, staff recommends that Council authorize the City Manager to negotiate up to five (5) Master Consultant Agreements with the ranked consultant firms for a term of five (5) years and in an amount not to exceed \$9,600,000 for each Agreement. All marketing consultant services will be authorized by service orders to be approved by the Director of Aviation. The City’s total budget for Airport marketing consultant services for the five-year term is \$9,600,000, and the total compensation for all Master Consultant Agreements will not exceed \$9,600,000 over the five-year term.

Marketing consultants with Agreements will be assigned service orders based on a variety of factors such as their expertise, project needs, hourly rates, and talent availability.

### **EVALUATION AND FOLLOW-UP**

Upon approval of the resolution authorizing the City Manager to negotiate and execute Master Consultant Agreements with up to five of the top ranked respondents, City staff will work with the City Attorney's Office to negotiate and execute the Agreements on mutually agreeable terms that are consistent with the exemplar Agreement that was included as part of the RFQ. Once the Agreements are signed, Airport staff will work with each respondent to execute the Agreements.

### **CLIMATE SMART SAN JOSE**

The recommendation in this memo aligns with one or more Climate Smart San José energy, water, or mobility goals.

### **POLICY ALTERNATIVES**

**Alternative #1:** The City Council may choose not to approve the recommendations to negotiate and award Agreements to up to five of the highest ranked respondents (or the next-highest ranked respondents, if applicable).

**Pros:** None.

**Cons:** If City Council does not approve the recommended delegation of authority to the City Manager, Airport staff will no longer have access to the professional resources, manpower, or expertise necessary to support the marketing programs necessary for the Airport to meet the current and future air transportation needs of Silicon Valley. This would place SJC at a competitive disadvantage to the competing major airports in the Bay Area that actively employ multiple third-party marketing consultants. The need for strong marketing support is even more imperative as the Airport is challenged to recover from the impact of COVID-19 on air service and passenger traffic.

**Reason for not recommending Alternative #1:** Acquiring and retaining air travel customers is a very unique professional discipline, requiring both technical knowledge and creative skills in targeting the right markets, developing creative messaging in various formats that get attention, and optimizing our digital channels to reach our service markets. The goals are to make SJC an Airport of choice for Silicon Valley travelers by maximizing SJC's digital presence and to keep SJC on top of traveler's minds. A sophisticated and diverse set of data, tools and skills are necessary to efficiently execute this marketing effort. Having access to outside resources places

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SJC in a stronger position to aggressively and effectively pursue increasing the number of inbound and outbound passengers in the Silicon Valley.

### **PUBLIC OUTREACH**

The Airport discussed this item with the Airport Commission on February 11, 2020. In addition, the Airport conducted direct outreach to more than 600+ local, national, and international marketing consulting companies, including to 30 DBE firms. This memo will be posted to the City Council Agenda website for the June 23, 2020 meeting.

### **COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

Airport staff briefed the Airport Commission regarding this solicitation at its last meeting on February 11, 2020. No commission recommendations were provided with this action.

### **FISCAL/POLICY ALIGNMENT**

This recommendation aligns with the City's Economic Development Strategy #9 "Keep Developing a Competitive, World Class Airport, and attract passengers."

### **COST SUMMARY/IMPLICATIONS**

Each Agreement will be a five-year term. All services will be authorized by service orders to be approved by the Director of Aviation, and compensation for each service order will be subject to the annual budgeting process and the continued appropriation of funds by the City Council. Service Orders will be issued among the no more than five Master Consultant Agreements and will not exceed \$9,600,000 in total for all Master Marketing Consultant Agreements over the five-year term.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriations to fund the Agreements recommended as part of this memo.

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Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Contract	2020-2021 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/Equipment	\$48,519,899	\$1,300,000	IX-3	N/A*

\*The 2020-2021 Proposed Operating Budget is scheduled to be Approved by Council on June 16, 2020 and Adopted on June 23, 2020.

**CEQA**

Not a project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/  
JOHN AITKEN, A.A.E.  
Director of Aviation

For questions, please contact Scott Wintner, Deputy Director of Aviation, Marketing and Communications, at (408) 392-3690.