

AGENDA REPORT

Ordinance: Approval of *Amendment No. 1* to the *Temporary Rental Agreement* with Security Point Media, LLC to Extend Term and Modify Rent Terms. **(Aviation)**

MEETING DATE: 5/28/2015

AMOUNT: \$7,000.00 (FY 2016)
Revenue

PARTIES INVOLVED: Security Point Media, LLC
Joseph T. Ambrefe, Jr., President & CEO

SUBMITTED BY: Deborah Ale-Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Ordinance

EXECUTIVE SUMMARY

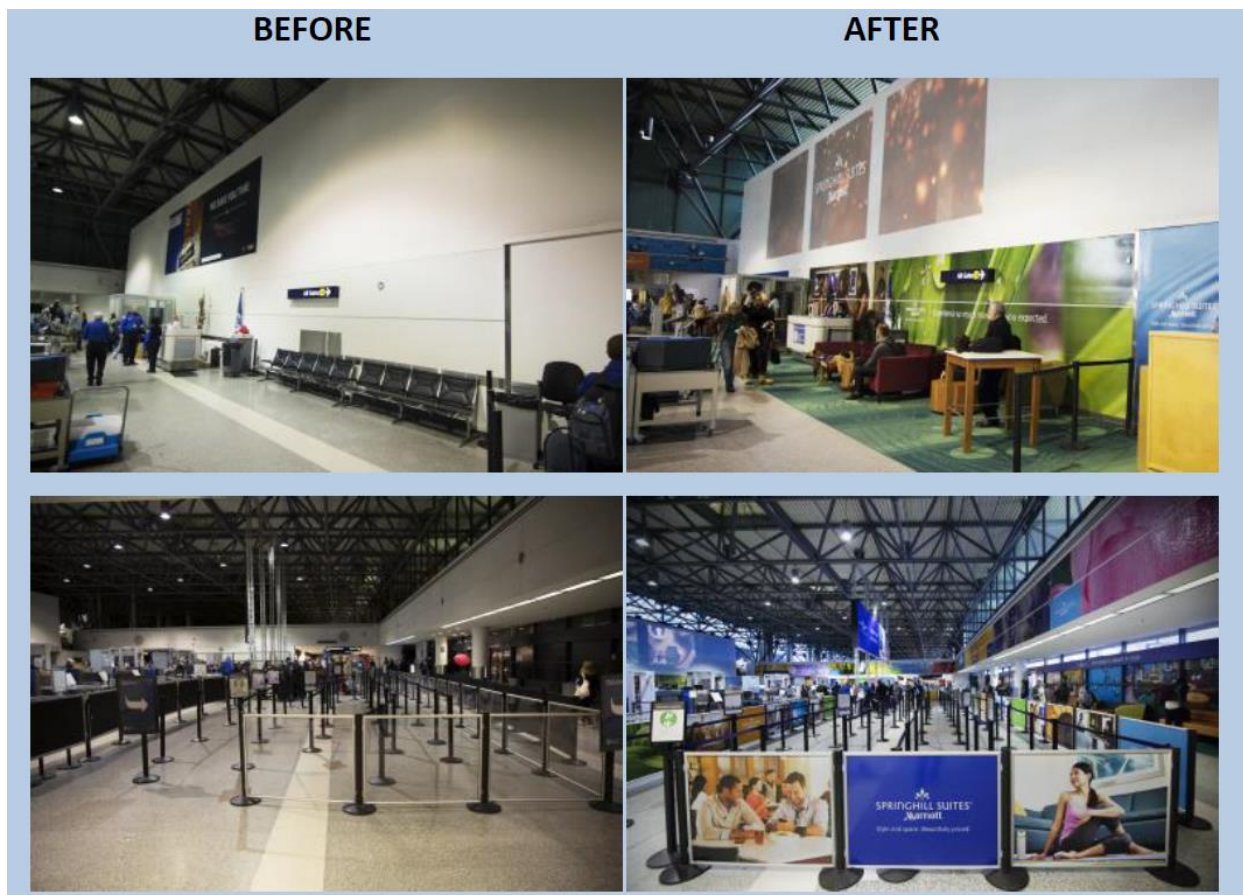
This action approves an amendment to the *Temporary Rental Agreement* with Security Point Media, LLC to extend the term of the agreement and to modify rent terms. The anticipated increase in Port revenue as a result of the term extension and rent modification will be approximately \$7,000 for the additional six months added to the term.

BACKGROUND

In December 2014 the Port entered into a *Temporary Rental Agreement (TRA)* with Security Point Media LLC (SPM) to install its “CONNEX” program in the Terminal 2 security checkpoint area at Oakland International Airport (OAK). Under the CONNEX program, SPM contracts with a company to sponsor the checkpoint area and installs the sponsor’s messaging and amenities to promote the brand concept. At OAK, Springhill Suites is the sponsor, and it pays SPM to install and maintain its brand presence.

Below are photographs of the “Before” and “After” condition of the Terminal 2 security checkpoint with Springhill Suites branding. The initial agreement between SPM and Springhill Suites was for a six month term (Dec. 2014 – June 2015). The Port entered into the TRA with SPM for a one year period in anticipation of Springhill Suites (or another sponsor) wanting to renew for an additional six months. Springhill Suites has requested to extend its sponsorship of the Terminal 2 security checkpoint for more than six months, a period of time that will extend beyond the existing term of the *TRA*.

The Airport has received positive feedback on the sponsorship and desires to continue the program beyond June 2015. By extending the *TRA*, SPM can extend its contract with Springhill Suites and maintain the amenities for a longer period of time.



ANALYSIS

This action approves an amendment to the *TRA* that would extend the term from December 14, 2015 to June 30, 2016. The proposed *Amendment No. 1* also modifies the rent structure to be consistent with other concession contracts that pay either the greater of a minimum annual guaranty (MAG) and a percentage of gross receipts or just a percentage of gross receipts by deleting a fixed monthly payment of \$250.00 which is in addition to (but not subtracted from) a percentage of gross receipts. All other terms and conditions of the *TRA* will remain unchanged.

By extending the *TRA*, the Airport assures that the Terminal 2 security checkpoint enhancements will remain in place for an extended period of time. Should the *TRA* not be extended, the enhancements could be removed as early as June 2015.

BUDGET & STAFFING

The revenue impact of the proposed *Amendment* was included in the FY 2015-16 Budget. There is no budget or staffing impact

There is no staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Plan

(<http://www.portofoakland.com/pdf/about/strategicPlan2011-2015.pdf>)

Goal A: Create Sustainable Economic Growth for the Port and Beyond

Goal A: Objective 1: Maximize the use of existing assets

Goal B: Maintain and Aggressively Grow Core Businesses

Goal B: Objective 1: Retain existing customers and tenants.

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the tenant does not employ 21 or more employees working on Port-related work. However, the tenant will be required to certify that should living wage obligations become applicable, the tenant shall comply with the Living Wage Regulations.

ENVIRONMENTAL

CEQA Determination: This project has been determined to be categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)/ PROFESSIONAL LIABILITY INSURANCE PROGRAM (PLIP)

The Owner Controlled Insurance Program (OCIP) and Professional Liability Insurance Program (PLIP) do not apply to the matters addressed by this Agenda Report as they are not capital improvement construction or design projects.

OPTIONS

- Approve the proposed *Amendment No. 1* to the *Temporary Rental Agreement* with Security Point Media, LLC to extend the term to June 30, 2016 and modify the rent terms to delete the fixed monthly payment of \$250.00 per month and provide for rent of 15% of gross receipts. The resulting action will allow the CONNEX program and the Springhill Suites messaging and amenities to continue in the Terminal 2 Security checkpoint area past June 2015. This is the recommended action.
- Approve the proposed *Amendment No. 1*, to extend the term, but not modify the rent provision.
- Do not approve the proposed *Amendment No. 1*, which will result in the removal of the Springhill Suites messaging and amenities from the Terminal 2 checkpoint area by no later than June 2015, and the loss of an estimated \$7,000 in anticipated revenue.

RECOMMENDATION

Staff recommends adoption of an Ordinance approving the terms and conditions of the proposed *Amendment No. 1* to the *Temporary Rental Agreement* with Security Point Media, LLC as described above, subject to the Port Attorney's approval as to form and legality; specifically:

- Extend the expiration date of the *TRA* from December 2015 to June 30, 2016;
- Amend the consideration due to the Port to be 15% of gross revenue from its CONNEX program.