



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute an *Amendment No. 2* to the *Space/Use Permit for Security Checkpoint Customer Service Enhancement Program* with Security Point Media, LLC to Extend the Term through June 30, 2027 and Modify Rent and Premises at Oakland Airport with Anticipated Revenues of \$728,125 over the Proposed Extended Term, Waive the Restriction in Resolution No. 16-144 - Resolution Approving a Restatement, Affirmation and Update to the Board’s Policy for Awarding Concession and Customer Service Privileges at the Terminal Complex at Oakland Airport, and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Aviation)**

Submitted By: Craig Simon, Director of Aviation; Danny Wan, Executive Director

Parties Involved:

Security Point Media, LLC; St. Petersburg, FL

Amount: \$585,000 Estimated Revenue for FY2025 through FY2027

EXECUTIVE SUMMARY: Security Point Media (SPM) promotes high-impact, innovative sponsorship programs which focuses on improving the traveling experience of passengers as they travel through the Oakland Airport (Airport or OAK). The existing Space/Use Permit (SUP) with SPM expired on June 30, 2023. This action would authorize the Executive Director to approve Amendment No. 2 to the SUP for Security Checkpoint Customer Experience Enhancement Program (Amendment No. 2) with Security Point Media, LLC to extend the term of the SUP for four additional years through June 30, 2027, with escalating rent terms. The anticipated Port of Oakland (Port) revenue will be approximately \$728,125 for the four years added to the term of the SUP: \$585,000 anticipated in FY2025 through FY2027 plus \$143,125 of actual revenue already received in FY2024. The extension of the SUP will require the Board to waive the restriction in its Concessions Policy that generally does not permit concessions agreements to be extended or renewed absent a competitive process.

BACKGROUND & ANALYSIS

Security Point Media operates the Security Checkpoint Customer Experience Enhancement Program at the Airport, which seeks to promote the customer traveling experience through innovative sponsorship programs.

The current program at Terminal 2 features the Kaiser Permanente (Kaiser), THRIVE campaign. This campaign included the installation of various features such as water hydration stations, custom wall décor and the then largest-living wall in a North American airport (Figure 1).

Figure 1
Terminal 2 Living Wall



SPM seeks to extend its agreement with the Port with a new sponsorship program with Kaiser whereby they seek to refresh the checkpoint surroundings, introduce Kaiser's new REVIVE campaign at both checkpoints, as well as sponsor water refill stations at Gates 22 and 25.

Under Kaiser's THRIVE sponsorship program at OAK from July 1, 2016 – June 30, 2023, the Airport received 15% of gross sales paid to SPM, for a total of \$814,684.99 in revenue to the Port. Under the proposed *Amendment No. 2*, Port staff seeks to escalate the Airport's share of gross sales as follows below with anticipated revenue over the four-year term to be \$728,125:

- 15% of Gross Sales from July 1, 2023 through February 28, 2025
- 20% of Gross Sales from March 1, 2025 through February 28, 2026
- 25% of Gross Sales from March 1, 2026 through June 30, 2027

The Port seeks to extend SPM's SUP with Amendment No. 2 from July 1, 2023 through June 30, 2027 on the following proposed terms outlined in Table 1.

**Table 1
Proposed Terms**

	Current Term:	Proposed Term:
Location:	Terminal 1 Checkpoint, Terminal 2 Checkpoint, Terminal 2 Atrium	Terminal 1 Checkpoint, Terminal 1, Pre-Security Greeting Wall Terminal 2 Checkpoint, Terminal 2 Atrium Hydration Stations at Gate 22 and Gate 25
Term:	July 1, 2021 – June 30, 2023	July 1, 2023 – June 30, 2027
Rent:	15% Gross Revenue	15% Gross Revenue July 1, 2023 – February 28, 2025 20% Gross Revenue March 1, 2025 – February 28, 2026 25% Gross Revenue March 1, 2026 – June 30, 2027
Security Deposit:	\$10,000 (on file)	\$35,000
Maintenance:	Tenant responsible for servicing water refill stations	Tenant responsible for servicing water refill stations

Exception to Board’s Policy on Extension of Concession Agreements:

On December 15, 2016, the Board adopted Resolution No. 16-144: “Resolution Approving a Restatement, Affirmation and Update to the Board’s Policy for Awarding Concession and Customer Service Privileges at the Terminal Complex at Oakland International Airport,” with the goal of this “Concession Policy” to assure the highest level of both public benefit and revenue generation consistent with the level of service desired and the Port’s policy of encouraging the participation of local businesses.

Port Staff seeks to extend the existing SUP and requests the Board’s waiver of the Concession Policy’s Section F.4 and finding that it is in the best interest of the Airport to extend the SUP with SPM.

F.4. Negotiations for Renewals or Extensions with an Existing Operator

It is the policy of the Board that, in general, there will be no extensions or renewals to any Concession agreement. Negotiation with an existing Concessionaire for extension of the term will be used only when, upon anticipated expiration of the full term of the Concession agreement, it is determined by the Board to be in the best interests of the Airport to negotiate a new agreement with the current Concessionaire for continued operation of the given Concession, or, alternately, during any interim period when the Port is accepting Bids or proposals for such Concession. Such negotiation will be initiated only at the option of the Board, and in no instance will such negotiations commence prior to one year before the expiration of the existing Concession agreement.”

This proposed extension will allow Port Staff adequate time to conduct a Request for Proposals once several ongoing interior terminal construction projects are completed in order to ensure the best and highest use of available advertising space.

Extending the existing SUP to refresh the features and amenities at Terminal 1 and 2 checkpoint screening areas will improve the passenger experience and waving the concession policy is in the best interest of the Port.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: The anticipated FY2025 revenue from Security Point Media is \$146,125, which is \$117,875 lower than the initial budgeted figure of \$264,000. This variance resulted from an oversight in the original budgeting process, which did not accurately reflect the anticipated revenue for FY2025.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.

- Additional Notes:

SUSTAINABLE OPPORTUNITIES:

GENERAL PLAN (City Charter § 727):

<p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> Compliance with the Port's Green Halo initiatives in performing tenant improvements.</p>	<p><u>Conformity Determination:</u></p> <p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Grow Net Revenues <input checked="" type="checkbox"/> Improve Customer Service <input type="checkbox"/> Strengthen Safety and Security <input type="checkbox"/> Care for Our Environment <input type="checkbox"/> Modernize and Maintain Infrastructure <input type="checkbox"/> Pursue Employee Excellence <input type="checkbox"/> Serve Our Community 	