

## AGENDA REPORT

**Resolution:** Approve and Authorize the Executive Director to Enter into Contract with Arthur D. Little Inc. for Air Service Development Consulting Services for a Five-Year Term in an Amount Not-to-Exceed \$600,000; and Approve and Authorize the Executive Director to Enter into Contract with The Route Hunters for Air Service Development Consulting Services for a Five-Year Term in an Amount not-to-Exceed \$150,000.  
**(Aviation)**

**MEETING DATE:** 9/30/2021

**AMOUNT:** \$750,000 (FY 2022-2026)  
Operating Expense

**PARTIES INVOLVED:** Arthur D. Little Inc., Boston, MA David Dague; The Route Hunters, Madrid, Spain, Javier Suarez;

**SUBMITTED BY:** Bryant L. Francis C.M., Director of Aviation

**APPROVED BY:** Danny Wan, Executive Director

**ACTION TYPE:** Resolution

**EXECUTIVE SUMMARY:**

Staff is seeking the Board's approval to authorize the Executive Director to execute professional services agreements with the two highest ranked air service development firms, Arthur D. Little Inc. and the Route Hunters, each for a five-year term, and a total not-to-exceed \$750,000 combined contract amount for the five-year period.

### **BACKGROUND**

Aviation Marketing promotes Oakland International Airport (OAK or Airport) to both incumbent and prospective air carriers all over the world. It also promotes the Airport to both outbound and inbound air travelers. Our messaging focuses on OAK's relative convenience and reliability as the centrally located San Francisco Bay Area airport, as well as being the main or "home" airport for the large and diverse East Bay market region of over four million residents. The Airport currently leaks a significant portion of its local catchment area traffic to San Francisco International Airport (SFO), and among travelers inbound to the Bay Area, this issue is even more pronounced.

Department engagement with airlines is extensive and aligned with air service goals for the Airport and specific to each airline. A significant portion of the department's work is conducted internally but given multiple active targets and the global scope of the work, a need exists for

outside assistance, particularly with air carriers with which OAK does not have established business relationships.

The Port's top air service objectives are the following:

- Retain, re-acquire, and grow service from tenant and non-tenant airlines
- Re-acquire nonstop service to Europe
- Obtain nonstop service to Asia

Although Aviation Marketing has contracted with outside consultants for selected air service development projects for decades, we are now interested in entering into longer duration strategic contracts with our selected consultants, though at similar annual expenditures as in the past. Board action is needed because of the total dollar amount.

## **ANALYSIS**

Staff issued RFP No. 20-21/18 on March 10, 2021, for Air Service Consulting Services. Proposals were due on April 15, 2021. The project was formally advertised and conducted outreach in the following ways:

- Port website;
- Advertisement in the Oakland Tribune;
- Email notifications to certified local/small firms in the Port's database that had a business classification pertaining to this area of expertise;
- Email notifications to Chambers and Community Based Organizations in the Local Impact Area/Local Business Enterprise Area (LIA/LBA);
- Email notifications to businesses located in the LIA/LBA area from the California Department of General Services certified database of Small and Micro Businesses;
- Verbal communication with known interested parties.

Key elements in the Scope of Work include the following:

- Facilitation of airline contacts and meetings
- Relevant demographic research to support linkages between markets
- Reviewing corporate strategies of airlines for future fleet and network growth including the impact of carriers' joint ventures
- Producing and/or assisting in the development of formal air service presentations to be used with airline route planners
- Providing short-term, short-turnaround updates of existing business cases
- Management updates, to include industry intelligence, facilitation of airline contacts and meetings, and strategic insights relevant to OAK's prospects.

Five firms submitted proposals by the deadline. The Port established a three-person Evaluation Committee comprised of Aviation management. The evaluation resulted in the following ranking:

Ranking	Proposer	Location	Certified LIA/LBA*
1	The Route Hunters	Madrid, Spain	No
2	Arthur D. Little, Inc.	Boston, MA	No
3	InterVISTAS	Washington, DC	No
4	Mead & Hunt	Peachtree City, GA	No
5	Embark Aviation	Washington, DC	No

❖ LIA – Local Impact Area: Oakland, San Leandro and Emeryville; LBA – Local Business Area – Alameda and Contra Costa Counties

The Committee evaluated each proposal based on criteria set forth in the RFP, and as listed below:

Criteria	Weighting
<b>1. Adherence to Port Policy Requirements and Required Forms (Pass/Fail)</b> – Completion of forms attached to RFP	Pass/Fail
<b>2. Company Information, Client References, Litigation and Other Information, and Required Forms</b> – Respondent’s capacity to provide professional service as evidenced by past performance, company information, reference checks, litigation and other information, and required forms.	10%
<b>3. Knowledge and Experience</b> – List three or more projects in similar size and scope to that in this RFP, with brief descriptions that demonstrate experience; key personnel.	25%
<b>4. Plan &amp; Approach</b> – Provide an overview describing the general approach, scope of services, and methodology of company’s ability to fulfill the general functions required in this RFP.	25%
<b>5. Proposed Costs-</b> Fee structure, with hourly rates and distribution of hours by staff type	25%
<b>6. Non-Discrimination and Small Local Business Utilization</b> – Up to 15 preference points are granted in accordance with the Port’s Non-Discrimination and Small Local Business Utilization Policy	15%

Ratings were assigned to each of the six criteria based on the subset of indicators noted above. The Route Hunters and Arthur D. Little Inc. were scored very similarly and were the highest and second highest overall, respectively.

- **Proposer Information** – The Committee rated several proposers equally on this criterion, as they each meet the requirements to provide this professional service.

- **Knowledge and Experience** – Arthur D. Little and its key team members have the most experience in working successfully with Aviation Marketing on air service initiatives, and this was a key reason why they scored the highest in this area.
- **Plan and Approach** – Arthur D. Little, followed by the Route Hunters, scored highest on these criteria due to their better understanding of the competitive challenges OAK faces and their explanations of how to generate positive air service outcomes for OAK.
- **Cost** – The Route Hunters has the lowest hourly rates for equivalent positions within each firm. This type of consultant work is billed hourly.
- **Non-Discrimination and Small Local Business Utilization Policy (NDSLBP)**– The Social Responsibility Division has reviewed and evaluated each proposal and allocated preference points in accordance with the Port's NDSLBP.

In summary, Arthur D. Little and The Route Hunters were the strongest proposers.

Because of the different areas of expertise offered by the two companies, and our diverse set of air service initiatives, we see the need to divide our consultant projects between these two firms, with Arthur D. Little receiving approximately 80% of project work, and The Route Hunters 20%. The Route Hunters' efforts will center on certain European and Latin American carriers with which the firm has strong existing working relationships. Arthur D. Little will handle other external air service consultant projects as needed, including all work with domestic US carriers.

### **BUDGET & STAFFING**

Projected expenditures for air service development consultants are included in Aviation Marketing's budget each fiscal year. The proposed action will have no budget or staffing impact.

### **MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The matters included 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 Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Grow Net Revenues

## **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 service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

## **SUSTAINABILITY**

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities, including adaptation to sea level rise.

## **ENVIRONMENTAL**

This action, to enter into a contract with air service consultants Arthur D. Little Inc. and The Route Hunters was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines. The general rule in Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. It can be seen with certainty that entering into a contract with these consultants will not result in a physical change in the environment, and therefore this action is not subject to CEQA and no further environmental review is required.

## **GENERAL PLAN**

This project is for professional services and will not directly include any alteration of property. Development projects that result from these professional services will be subject to separate findings of conformity with the City of Oakland General Plan in accordance with Section 727 of the Charter.

## **OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

Professional service agreements are not subject to the Port's Owner Controlled Insurance Program (OCIP) as professional services are not construction activities.

## **OPTIONS**

- Award Professional Services contracts to Arthur D. Little and The Route Hunters.
- Award the contract to only one, or none, of the firms.

## **RECOMMENDATION**

Adopt a resolution authorizing the Executive Director to do the following:

- Enter into a professional services agreement with Arthur D. Little, Inc. for air service consulting in an amount not-to-exceed \$600,000 over a contract period of five years; and
- Enter into a separate professional services agreement with The Route Hunters in an amount not to exceed \$150,000 over a contract period of five years.



