

BILL/ RESOLUTION REQUEST

1. Title: Executes an Advertising License Agreement with Clear Channel Outdoor, Inc. to design, develop, install new or refurbish, operate, manage and maintain an art advertising program at the Airport (201205012).

2. Requesting Agency: DIA

3. Contact Person *with actual knowledge of proposed ordinance*

Name:Leah Older

Phone:303-342-2534

Email:Leah.Older@flydenver.com

4. Contact Person *with actual knowledge of proposed ordinance who will present the item at Mayor Council and who will be available for first and second reading, if necessary*

Name:Brian Elms

Phone:303-342-2278

Email:brian.elms@flydenver.com

5. Describe the proposed ordinance, including what the proposed ordinance is intended to accomplish, who's involved

a. Scope of Work

For the privilege to design, develop, install new or refurbish, operate, manage and maintain a first-class, high quality, state of the art advertising program at the Airport. In the new design, Clear Channel will reduce their inventory of ad sights by 25%, provide all new, low-energy LED digital and static advertising fixtures, which includes four curved LED digital "jumbtron" advertising screens that are currently only available via Clear Channel, and pay an increased minimum annual guarantee (MAG) and percentage rent fee.

b. Duration

10 years 9 months

c. Location

DIA

d. Affected Council District

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e. Benefits

The proposed contract is an opportunity to bring new, state of the art technology to the airport's advertising program. Further, the airport has achieved outstanding economics from Clear Channel with a minimum revenue guarantee for the airport of \$29,310,620 for the term of the agreement, and beginning on the Start Date, the percentage payment amount shall increase to sixty five percent (65%) of Gross Revenue. On April 1, 2015, the percentage payment amount shall increase to sixty seven and one half percent (67.5%) of

Gross Revenue and shall remain sixty seven and one half percent (67.5%) through the end of the Term. Currently, Clear Channel pays sixty one percent (61%) of Gross Revenue as Rent.

Clear Channel will initially invest a minimum of \$5.8 million constructing the new advertising displays, including the four jumbotrons located in the Jeppesen Terminal. Clear Channel will also invest \$2.1 towards the refurbishment of the advertising locations in 2018.

Clear Channel is the largest “out of home” media company in the world with one million displays in over 50 countries across five continents. Clear Channel currently manages the advertising concessions in 270 airports including two of the largest airports (Atlanta and Chicago), four of the top five, and 25 of the top 50 airports in the US. Clear Channel has over 200 full time advertising professionals dedicated to the sale of advertising. Located in Philadelphia, PA, Clear Channel’s corporate headquarters consists of specialists in marketing, design, engineering, and a complete in-house research and development technology team. Clear Channel has won an unprecedented 13 ACI awards for their airport partners.

f. Costs

\$29,310,620.00

6. Is there any controversy surrounding this ordinance, groups or individuals who may have concerns about it? Please explain.

No.

Bill Request Number: BR12-0275

Date: 4/3/2012