

**AN ORDINANCE FINANCE/EXECUTIVE COMMITTEE AUTHORIZING WAIVING THE COMPETITIVE SOURCE SELECTION REQUIREMENTS CONTAINED IN SECTION 2-1187 OF THE CODE OF ORDINANCES OF THE CITY OF ATLANTA, GEORGIA (“CODE”) AS WELL AS ANY OTHER CONFLICTING CODE PROVISIONS AND AUTHORIZING KELLE COMMUNICATIONS GROUP, INC. TO PROVIDE, AND THE CITY OF ATLANTA, GEORGIA TO ACCEPT, PUBLIC PAY PHONE SERVICES UNDER THE TERMS AND CONDITIONS SET FORTH IN THAT CERTAIN LEASE AGREEMENT FOR PUBLIC PAY TELEPHONE CONCESSIONS (FC-7708-04) BEGINNING AUGUST 1, 2013 AND CONTINUING ON A MONTH-TO-MONTH BASIS UNTIL SEPTEMBER 30, 2014; AND FOR OTHER PURPOSES.**

**Review List:**

Jonathan Hunt	Completed	08/20/2013 3:00 PM
Louis Miller	Completed	08/20/2013 3:01 PM
Procurement	Skipped	08/21/2013 4:01 PM
Adam Smith	Skipped	08/21/2013 4:05 PM
Mayor's Office	Completed	08/21/2013 4:16 PM
Office of Research and Policy Analysis	Completed	08/22/2013 4:02 PM
Finance/Executive Committee	Pending	
Atlanta City Council	Pending	
Mayor's Office	Pending	

Certified by Presiding Officer	Certified by Clerk
Mayor's Action <i>See Authentication Page Attachment</i>	

LEGISLATION HISTORY – BLUE BACK

**AN ORDINANCE  
BY FINANCE/EXECUTIVE COMMITTEE**

**AN ORDINANCE FINANCE/EXECUTIVE COMMITTEE AUTHORIZING WAIVING THE COMPETITIVE SOURCE SELECTION REQUIREMENTS CONTAINED IN SECTION 2-1187 OF THE CODE OF ORDINANCES OF THE CITY OF ATLANTA, GEORGIA (“CODE”) AS WELL AS ANY OTHER CONFLICTING CODE PROVISIONS AND AUTHORIZING KELLEE COMMUNICATIONS GROUP, INC. TO PROVIDE, AND THE CITY OF ATLANTA, GEORGIA TO ACCEPT, PUBLIC PAY PHONE SERVICES UNDER THE TERMS AND CONDITIONS SET FORTH IN THAT CERTAIN LEASE AGREEMENT FOR PUBLIC PAY TELEPHONE CONCESSIONS (FC-7708-04) BEGINNING AUGUST 1, 2013 AND CONTINUING ON A MONTH-TO-MONTH BASIS UNTIL SEPTEMBER 30, 2014; AND FOR OTHER PURPOSES.**

WHEREAS, the City of Atlanta (“City”), as owner and operator of Hartsfield-Jackson Atlanta International Airport (“Airport”), entered into that certain Lease Agreement for Public Pay Telephone Concessions Agreement (FC-7708-04) (“Agreement”) with Kellee Communications Group, Inc. (“Kellee”) pursuant to Resolution Number 05-R-0687, for the establishment and operation of public pay telephones and pre-paid calling card machines at the Airport; and

WHEREAS, the Agreement expired on June 30, 2011; and

WHEREAS, Kellee has provided satisfactory public pay telephone services at the Airport during the term of the Agreement and it is in the City’s best interest to ensure that public pay telephone services continue to be provided at the Airport until such time the City’s Department of Aviation (“DOA”) is able to competitively procure public pay telephone services; and

WHEREAS, Kellee and the City desire to amend the Agreement to allow Kellee to (a) continue to provide public pay telephone services at the Airport on a month-to-month basis not to exceed September 30, 2014 and (b) perform a test program that will require Kellee to install new public pay telephones with the capability to display advertising at Kellee’s sole cost and expense; and

WHEREAS, Kellee Communications will pay the greater of a Minimum Annual Guarantee of \$30/phone/month and a percentage rent in the amount of fifty percent (50%) of adjusted gross revenue. Kellee Communication is planning to install 400 phones upgraded with the Rich Multimedia Technologies new telecommunication equipment. The potential additional revenue generated for the City over a long-term contract would be \$3-5 million per year; and

WHEREAS, the Department of Aviation anticipates that if the pay telephones with advertising program is successful, it will procure public pay telephone service with advertising via the Airport Terminal Advertising Bid in 2014 pursuant to a competitive source selection process as set forth in the Code; and

WHEREAS, the Aviation General Manager and Chief Procurement Officer have recommended that Kellee be authorized to (a) continue providing, on an uninterrupted basis, public pay phone services at the Airport and the City be authorized to accept such services under the terms set forth in the Agreement

on a month-to-month basis, which shall in no event extend beyond September 30, 2014 and (b) install new public pay telephones with the capability to display advertising at Kellee's sole cost and expense.

THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, HEREBY ORDAINS:

SECTION 1: That Kellee Communications Group, Inc. is authorized to provide public pay telephone services at the Airport, and the City is authorized to accept such services, under the terms and conditions set forth in that certain Lease Agreement for Public Pay Telephone Concessions Agreement (FC-7708-04) beginning August 1, 2013 and continuing on a month-to-month basis until September 30, 2014 and install new public pay telephones with the capability to display advertising at Kellee's sole cost and expense.

SECTION 2: That all ordinances or parts of ordinances in conflict with this ordinance, including but not limited to Code Section 2-1187 are waived to the extent of the conflict.

SECTION 3: That the Mayor is authorized to execute an amendment to the Agreement with Kellee Communications Group, Inc. for Contract Number FC-7708-04 extending the term of the Agreement on a month-to-month basis until September 30, 2014.

SECTION 4: That the extended term of the Agreement will begin on August 1, 2013 and continue on a month-to-month basis until September 30, 2014.

SECTION 5: That the City Attorney is directed to prepare an amendment extending the term of that certain Lease Agreement for Public Pay Telephone Concessions Agreement (FC-7708-04) beginning on August 1, 2013 and continuing on a month-to-month basis until September 30, 2014, for execution by the Mayor.

SECTION 6: That said amendment shall not become binding on the City, nor will the City incur no liability hereunder until such amendment has been executed by the Mayor, attested to by the Municipal Clerk, approved by the City Attorney as to form and delivered to Kellee Communications Group, Inc.

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: CANDACE L. BYRD

Dept.'s Legislative Liaison: Anita Williams

Contact Number: 404-530-6600

Originating Department: Aviation

Committee(s) of Purview: Finance/Executive

Chief of Staff Deadline: 8/9/13

Anticipated Committee Meeting Date(s): 8/28/13

Anticipated Full Council Date: 9/3/13

Legislative Counsel's Signature: Jonathan Hunt

Commissioner's Signature: Lou Miller

Chief Financial Officer: N/A

Chief Information Officer Signature (for IT Procurements) N/A

Chief Procurement Officer Signature: Ardian R. Smith

CAPTION

AN ORDINANCE AUTHORIZING WAIVING THE COMPETITIVE SOURCE SELECTION REQUIREMENTS CONTAINED IN SECTION 2-1187 OF THE CODE OF ORDINANCES OF THE CITY OF ATLANTA, GEORGIA ("CODE") AS WELL AS ANY OTHER CONFLICTING CODE PROVISIONS AND AUTHORIZING KELLEE COMMUNICATIONS GROUP, INC. TO PROVIDE, AND THE CITY OF ATLANTA, GEORGIA TO ACCEPT, PUBLIC PAY PHONE SERVICES UNDER THE TERMS AND CONDITIONS SET FORTH IN THAT CERTAIN LEASE AGREEMENT FOR PUBLIC PAY TELEPHONE CONCESSIONS (FC-7708-04) BEGINNING AUGUST 1, 2013 AND CONTINUING ON A MONTH-TO-MONTH BASIS UNTIL SEPTEMBER 30, 2014; AND FOR OTHER PURPOSES.

FINANCIAL IMPACT: (if any)

Mayor's Staff Only

Received by CPO: (date)

Received by LC from CPO: (date)

Received by Mayor's Office: 7/5 8/6/13 (date)

Reviewed by: (date)

Submitted to Council: (date)

**Legislative White Paper**

**Committee of Purview:** Finance/Executive

**Caption:**

**AN ORDINANCE AUTHORIZING WAIVING THE COMPETITIVE SOURCE SELECTION REQUIREMENTS CONTAINED IN SECTION 2-1187 OF THE CODE OF ORDINANCES OF THE CITY OF ATLANTA, GEORGIA (“CODE”) AS WELL AS ANY OTHER CONFLICTING CODE PROVISIONS AND AUTHORIZING KELLEE COMMUNICATIONS GROUP, INC. TO PROVIDE, AND THE CITY OF ATLANTA, GEORGIA TO ACCEPT, PUBLIC PAY PHONE SERVICES UNDER THE TERMS AND CONDITIONS SET FORTH IN THAT CERTAIN LEASE AGREEMENT FOR PUBLIC PAY TELEPHONE CONCESSIONS (FC-7708-04) BEGINNING AUGUST 1, 2013 AND CONTINUING ON A MONTH-TO-MONTH BASIS UNTIL SEPTEMBER 30, 2014; AND FOR OTHER PURPOSES.**

**Council Meeting Date:** 9/03/13

**Legislation Title:** Kellee Communications Group, Inc. to provide public pay telephone services on a month-to-month basis

**Requesting Dept.:** Aviation

**Contract Type:** Professional Services

**Source Selection:** N/A

**Bids/Proposals Due:** N/A

**Invitations Issued:** N/A

**Number of Bids/  
Proposals Received:** N/A

**Bidders/Proponents:** N/A

**Background:**

The purpose of this legislation is to amend the Lease Agreement for Public Pay Telephone Concessions, FC-7708-04 to allow the Operator to perform a Test Pilot Program for public phones with advertising. This Amendment will allow the Operator, Kellee Communications to continue the operation of the public telephones on a month- to -month basis not to exceed September 30, 2014. Kellee Communications will pay the greater of a Minimum Annual Guarantee of \$30/phone/month and a percentage rent in the amount of fifty percent (50%) of adjusted gross revenue. Kellee Communication is planning to install 400 phones

upgraded with the Rich Multimedia Technologies new telecommunication equipment. The potential additional revenue generated for the City over a long-term contract would be \$3-5 million per year.

Kellee Communications is taking on the investment risk of a brand new, proprietary product that will provide free calling for the traveling public anywhere in the US, Canada and Mexico, state of the art equipment, a new and complimentary advertising revenue stream that does not conflict with nor replace current advertising. This Program will be at the expense of Kellee Communications. If successful, the City of Atlanta will add this service to the Terminal Advertising Contract which will be competitively solicited.

Kellee Communications has operated at the Airport since 1994. They provide the public pay telephone service and other related services throughout the Airport. They have operated as a hold over tenant since the agreement expired in September of 2011. In 2002, the City issued a Request for Proposal ("RFP") for the public pay telephone services at the Airport. AT&T and Kellee Communications, as the joint venture partner, were awarded the lease agreement. However, before the lease agreement was executed AT&T decided to terminate its pay telephone operation and the City had to reissue an RFP. The most current RFP was prepared and Verizon Communications and Kellee Communications submitted proposals on September 1, 2004. Kellee Communications Group was selected as the winning proponent.

Kellee was awarded a five (5) year agreement (beginning on September 6, 2006 – and ending on September 6, 2011, with one five-year extension option) to operate pay phone services through a competitive Request for Proposal (RFP) process and during such time, served as the top ranked proponent for contract (FC-7708-04). Discussions to renew this agreement were not successful due to the decline in pay phone revenue. The City had limited resources to pursue solicitation options for a new payphone contract which required Kellee to continue in a hold over status.

Kellee's performance has been satisfactory. They have provided excellent customer service during their tenure operating at the Airport. They continue to remain flexible in accommodating construction by relocating and removing phones and other hardware during our massive Central Passenger Terminal Complex (CPTC) cosmetic upgrade project; as well as adding phones to recommended locations at the new Rental Car Facility.

The overall demand for sophisticated new wireless technology for personal use continues to play a major role in the decline in revenue for pay phone services. Gross sales have continued to drop year after year declining to \$404,703 in total sales for 2011. Sales in the first six months of 2012 total \$113,499. Kellee has reported that decreasing revenues for coin, long-distance, and 800 usages, which were the largest revenue portion, continues to drop off. Airport users are making fewer calls on pay phones and are choosing to use wireless internet providers for connectivity on their lap-tops. In addition, prepaid cards have experienced decreasing demand causing a drastic cut in price. Kellee has reported that video games, once a steady stream of revenue, are taking a back seat to the purchase of video rentals. As a result of such competition, there has been a steady decline in usage.

**Fund Account Center:** N/A

**Source of Funds:** N/A

**Fiscal Impact:** Positive

**Term of Contract:** Month-to-month basis until September 30, 2014

**Method of Cost Recovery:** N/A

**Approvals:**

**DOF:** N/A

**DOL:** yes

**Prepared By:** Anita Williams

**Contact Number:** 404-382-2313

**Part II: Legislative White Paper:** (This portion of the Legislative Request Form will be shared with City Council members and staff)

**A. To be completed by Legislative Counsel:**

Committee of Purview:

Caption:

Council Meeting Date:

Requesting Dept.:

FAC Confirmed by:

**B. To be completed by the department:**

**1. Please provide a summary of the purpose of this legislation**

The purpose of this legislation is to amend the Lease Agreement for Public Pay Telephone Concessions, FC-7708-04 to allow the Operator to perform a Test Pilot Program for public phones with advertising. This Amendment will allow the Operator, Kellee Communications to continue the operation of the public telephones on a month- to -month basis not to exceed September 30, 2014. Kellee Communications will pay the greater of a Minimum Annual Guarantee of \$30/phone/month and a percentage rent in the amount of fifty percent (50%) of adjusted gross revenue. Kellee Communication is planning to install 400 phones upgraded with the Rich Multimedia Technologies new telecommunication equipment. The potential additional revenue generated for the City over a long-term contract would be \$3-5 million per year.

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**2. Please provide background information regarding this legislation.**

Kellee Communications has operated at the Airport since 1994. They provide the public pay telephone service and other related services throughout the Airport. They have operated as a hold over tenant since the agreement expired in September of 2011. In 2002, the City issued a Request for Proposal ("RFP") for the public pay telephone services at the Airport. AT&T and Kellee Communications, as the joint venture partner, were awarded the lease agreement. However, before the lease agreement was executed AT&T decided to

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**3. If Applicable/Known:**

- (a) **Contract Type (e.g. Professional Services, Construction Agreement, etc):**
- (b) **Source Selection:**
- (c) **Bids/Proposals Due:**
- (d) **Invitations Issued:**
- (e) **Number of Bids:**
- (f) **Proposals Received:**
- (g) **Bidders/Proponents:**
- (h) **Term of Contract:**

**4. Fund Account Center (Ex. Name and number):**

**Fund:** \_\_\_\_\_ **Account:** \_\_\_\_\_ **Center:** \_\_\_\_\_

Attachment: Pay Phones Request Form (13-O-1235 : Pay Telephone Concessions Kellee Communications Group, Inc.)

5. Source of Funds: Example: Local Assistance Grant

6. Fiscal Impact:

Example: This legislation will result in a reduction in the amount of \_\_\_\_\_ to Fund Account Center Number \_\_\_\_\_.

7. Method of Cost Recovery:

Examples:

- a. Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.
- b. Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.

This Legislative Request Form Was Prepared By: Devin Judd