

RESOLUTION NO. 2002 - 7

AUTHORIZING CONTRACT 2001-136 WITH MASS TRANSIT NETWORK INTERNATIONAL TO PROVIDE AND OPERATE A REAL TIME ELECTRONIC PASSENGER INFORMATION SYSTEM FOR A PERIOD OF TEN YEARS, REVENUE GENERATING (AMOUNT VARIABLE - ADVERTISING SALES).

WHEREAS, the Greater Cleveland Regional Transit Authority desires to obtain a real time customer information system as well as advertising revenue in exchange for exclusive rights to sell advertising on the electronic signage; and

WHEREAS, the Authority wishes to maximize the revenue generating opportunities at its disposal and to provide its customers with a visual communications system which will provide news, weather, and transit vehicle operating status at no cost to this Authority; and

WHEREAS, the proposal of Mass Transit Network International, located at 250 14<sup>th</sup> St., N.W., Atlanta, GA 30318, was received to provide said system, including its Train Alerts service for notifying subscribers of service delays; and

WHEREAS, the General Manager deems the offer of Mass Transit Network International, as negotiated, to be in the Authority's best interest, revenue and other factors considered, and recommends acceptance of the same to the Board of Trustees.

NOW, THEREFORE BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the proposal submitted by Mass Transit Network International, as modified by negotiations, to provide electronic passenger information equipment and service, a subscription service to alert riders to service deviations, as well as advertising revenue for a period of ten (10) years be accepted to be in the best interest of the Authority.

Section 2. That the General Manager be and he hereby is authorized to enter into a contract with Mass Transit Network International for a term of ten (10) years to provide electronic passenger information equipment/service and advertising revenue. Revenue is variable, based on 10% of the actual advertising sales, but is estimated to be \$14,000.00 annually, less the cost of the Train Alerts subscription service at the rate of six and one-half cents (\$0.065) per notification.

Section 3. That the proceeds of said contract shall be deposited into the General Fund of the Authority.

Section 4. That said contract shall be binding upon and an obligation of the Authority and contingent upon compliance by the contractor to Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2001-064; bonding and insurance requirements and all applicable laws relating to the contractual obligation of the Authority.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: January 15, 2002

  
President

Attest:   
CEO, General Manager/Secretary-Treasurer



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<b>TITLE/DESCRIPTION:</b> AUTHORIZING CONTRACT 2001-136 WITH MASS TRANSIT NETWORK INTERNATIONAL TO PROVIDE AND OPERATE A REAL TIME ELECTRONIC PASSENGER INFORMATION SYSTEM FOR A PERIOD OF TEN YEARS, REVENUE GENERATING (AMOUNT VARIABLE – ADVERTISING SALES).	<b>Resolution No.:</b> 2002-7
	<b>Date:</b> January 4, 2002
	<b>Initiator:</b> Executive Department
<b>ACTION REQUEST:</b> <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for obtaining a real time customer information system for our ridership at no cost to the Authority. Request For Proposal 2001-136 was issued to obtain proposals for this system.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority presently does not have the ability to share current news, weather, or transit vehicle information with our riders while they are in transit. This action will enable the Authority to obtain a real time customer information system as well as revenue in exchange for giving exclusive rights to the vendor to sell advertising on the electronic signage. This enhanced ability to communicate is advantageous to both the Authority and ridership.
- 3.0 **PROCUREMENT BACKGROUND:** Proposals were received on December 3, 2001 for this solicitation. Service provided by the vendor includes, but is not limited to, generating revenue for the Authority by the sale of advertising; providing, servicing and maintaining the LED display equipment/software at no cost to GCRTA; and integrating with Siemens-generated "next-train" data and displaying it on MTNI signs. Eight LED signs shall be provided and installed at Tower City as well as one or more signs at fourteen other stations to be mutually agreed upon, at no cost to the Authority. At GCRTA's option, MTNI shall make its Train Alerts service available to GCTRA. The advertising space available for marketing consists of space on the electronic boards per rotating loop of content (news, ads, promos, next train info, weather, etc).

After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and after negotiations, the proposal of Mass Transit Network International was determined to be the most advantageous to the Authority. MTNI offers a very competitive overall revenue sharing plan, as well as an appealing electronic information system. The Authority will receive 10% of the advertising revenue. In a June 15, 2001 letter, FTA has determined that prior FTA approval is not required when a revenue contract requires a term longer than five years to allow the contractor to recover any required capital investment and a reasonable return of investment. This action falls within the purview of that determination.

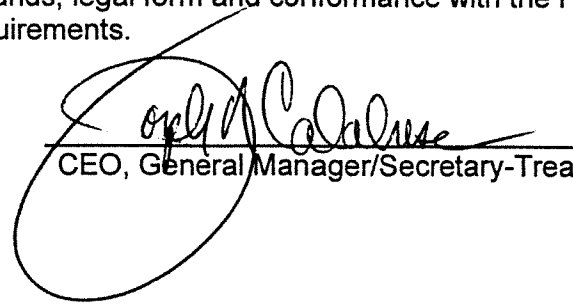
Mass Transit Network International, is located in Atlanta, GA. The firm has been in business for over three years, with its sole and primary focus on providing advertiser-supported communication solutions for the mass transit industry. They developed several new technologies including a wireless and hard-wired electronic sign system that can integrate with a transit authority's control center to display train/bus info and its "Train Alerts" service that can notify commuters with personalized alerts in advance about deviations in schedules, via phone, fax, page, or e-mail. MTNI currently has one pilot project with the Authority with one sign at Tower City and one at Triskett station. They also have a second pilot with MARTA, the transit authority in Atlanta. Both projects are successful.

All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to lack of subcontracting opportunities.

An economic analysis has been performed to indicate that a term longer than five years is necessary to allow the contractor to recover required capital investment and a reasonable return on investment taking into account both tax (depreciation) and economic/business considerations. The Procurement Department has determined that the proposal of Mass Transit Network International is fair and reasonable to the Authority.

- 4.0 POLICY IMPACT: Does not apply.
- 5.0 ECONOMIC IMPACT: The exact amount of revenue expected to be generated is directly dependent upon the amount of advertising sales generated, with an estimated annual amount of \$14,000.00 over the ten year term. The Authority will receive, at no cost, the use of a fully functional, state-of-the-art, versatile and virtually instantaneously visual communication system to better serve its customers. Net proceeds shall be deposited into the General Fund, less the 6.5 cents per notification payment for the subscription Train Alerts service.
- 6.0 ALTERNATIVES: Reject this offer. Rejection of the offer would deny the Authority the economic benefits of providing our ridership with an electronic passenger information system to better communicate with our customers and generate additional revenue.
- 7.0 RECOMMENDATION: It is recommended that the proposal of Mass Transit Network International, as modified by negotiations, be accepted and the resolution passed authorizing the General Manager to enter into a contract.
- 8.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

  
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CEO, General Manager/Secretary-Treasurer