

RESOLUTION 2004- 68

AUTHORIZING THE EXERCISE OF ONE OF TWO ONE-YEAR OPTIONS TO CONTRACT 2001-090 WITH VIACOM OUTDOOR GROUP TO PROVIDE TRANSIT ADVERTISING SERVICES FOR AN ADDITIONAL ONE-YEAR PERIOD, REVENUE GENERATING (AMOUNT VARIABLE – BASED ON USAGE).

WHEREAS, the Authority plans to permit sale of advertising space on Transit revenue vehicles and property for an additional one year period; and

WHEREAS, by Resolution 2001-140, the Board of Trustees authorized Contract 2001-090 with Viacom Outdoor Group. located at 275 Madison Avenue, New York, New York 10016 to provide these services for a three year period with the Authority retaining two, one-year options, subject to approval of the exercise of each option by the Authority's Board of Trustees; and

WHEREAS, the General Manager/Secretary-Treasurer deems exercising one option year to be advantageous to the Authority and recommends acceptance by 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 offer of Viacom Outdoor Group to provide advertising services for an additional one year period be and the same is hereby accepted as the most advantageous to the Authority.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to amend Contract 2001-090 with Viacom Outdoor Group to exercise a one-year option to continue to provide transit advertising services.

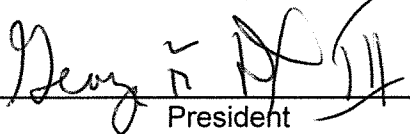
Section 3. That the proceeds to the Authority shall be deposited into the General Fund.

Section 4. That all other terms and conditions of said contract shall remain unchanged.

Section 5. That the Greater Cleveland Transit Authority's Board of Trustees expects that Viacom Outdoor Group will exceed the 10% DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: May 18, 2004



President

Attest: 

CEO, General Manager/Secretary-Treasurer



B-2

TITLE/DESCRIPTION: AUTHORIZING THE EXERCISE OF ONE OF TWO ONE-YEAR OPTIONS TO CONTRACT 2001-090 WITH VIACOM OUTDOOR GROUP TO PROVIDE TRANSIT ADVERTISING SERVICES FOR AN ADDITIONAL ONE-YEAR PERIOD, REVENUE GENERATING (AMOUNT VARIABLE – BASED ON USAGE).	Resolution No.: 2004-68
	Date: May 13, 2004
	Initiator: Marketing and Communications Department
ACTION REQUEST: <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 exercise a one-year option to retain Viacom Outdoor Group as the transit advertising agency for the Authority. The vendor will generate revenue for the Authority by the sale of transit advertising media as well as servicing and maintaining the advertising space.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority has identified the need to continue to have a revenue generating contract with a professional advertising agency to assist in selling transit advertising. The advertising space available for marketing consists of space on transit revenue vehicles and property. Viacom Outdoor Group is in the third year of the three-year base contract.
- 3.0 **PROCUREMENT BACKGROUND:** Viacom Outdoor Group was awarded Contract 2001-090 as a result of a competitive, negotiated procurement. This included a three year contract with two, one-year options, subject to approval of the Board of Trustees. The base three-year contract went into effect on October 1, 2001. The contract provides for the Authority to receive 60% of the net revenue or an annual guarantee, whichever is higher. The guarantee for the option year is \$1,500,000.00 plus \$175,000.00 in media trade to promote the Authority's services. In addition, the Contractor pays the Authority the cash guarantee semi-annually, in advance, during the term of the contract. The actual 60% of net revenue has not exceeded the guarantee during the base term of the contract.

Viacom Outdoor Group headquarters is located in New York, NY. They established a Cleveland office for this contract. Viacom Outdoor Group operates transit and mall advertising displays, bulletins and posters in 150 metropolitan markets in the US, Canada, and Mexico. Their Transit Authority clients include MTA (New York City), LACMTA (Los Angeles), NJ Transit, WMATA (Washington DC), and MBTA (Boston). Viacom Outdoor Group has been responsive to the Authority's advertising maintenance needs and has met its financial commitment to GCRTA.

A revenue analysis has been performed and the Procurement Department has determined that the revenue plan is fair and reasonable.

4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action requirements have been met. A 10% DBE goal was established for this procurement in October 2001 (Reso. #2001-090). For the entire contract period, Viacom Outdoor Group has committed to exceed the goal with 42.09% DBE participation through the utilization of the following DBE firm:

DBE(s) Name/Address	DBE Category	Scope of Work	AMOUNT	PERCENT
J. Perez Associates Long Beach, CA	Hispanic Male	Carding and Posting of Advertisements	\$1,126,500.00	42.09%
Total DBE Participation			\$1,126,500.00	42.09%

5.0 POLICY IMPACT: Does not apply.

6.0 ECONOMIC IMPACT: The exact amount of revenue expected to be generated is directly dependent upon the amount of advertising sales, with a guaranteed amount of \$1,500,000.00, plus additional marketing benefits of \$175,000.00, during the option year term. For sales in excess of the guarantee over the term of the contract, GCRTA will receive a 60% revenue share of sales. Funds shall be deposited into the General Fund.

7.0 ALTERNATIVES: Reject the offer. Rejection of this proposal will leave the Authority without advertising support and an ability to generate additional revenue for the Authority.

8.0 RECOMMENDATION: The Finance Committee of the Board of Trustees reviewed this project at its May 11, 2004 meeting and recommended approval to the full Board of Trustees. It is recommended that the exercise of the one-year option be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to amend the contract.

9.0 ATTACHMENTS: None.

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



CEO, General Manager/Secretary-Treasurer