

RESOLUTION NO. 2005-77

AUTHORIZING THE EXERCISE OF AN OPTION 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 the second one-year option 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.

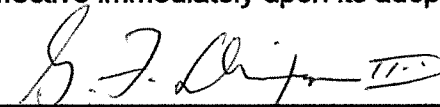
Section 3. That the proceeds to the Authority shall be deposited into the General Fund.

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 attempt to exceed the 10% DBE goal assigned to this procurement.

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

Adopted: June 21, 2005

  
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President

Attest:   
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CEO, General Manager/Secretary-Treasurer



<b>TITLE/DESCRIPTION:</b> AUTHORIZING THE EXERCISE OF AN OPTION 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).	<b>Resolution No.:</b> 2005- 77
	<b>Date:</b> June 16, 2005
	<b>Initiator:</b> Marketing and Communications 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 exercise the second one-year option on Contract 2001-090 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.
- 3.0 **PROCUREMENT BACKGROUND:** As a result of a competitive negotiated procurement process, Viacom Outdoor Group was awarded a three-year contract with two one-year options, subject to the approval of the Board of Trustees. By Resolution No. 2004-68, the Board of Trustees adopted the exercise of the first one-year option on May 18, 2004. The original revenue plan that was negotiated is still deemed advantageous to the Authority now requiring the need to exercise the second one-year option. 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 \$1,600,000.00 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 term of the contract, nor is it likely to do so.

Viacom Outdoor Group, is located in New York, NY. In August 2001, Infinity Broadcasting merged Transportation Displays Inc and Infinity Outdoor to form Viacom Outdoor Group. In North America, Viacom Outdoor 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 established a Cleveland office for this contract. Viacom Outdoor Group has been responsive to the Authority's advertising maintenance needs and has met the contractual 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 2001 (Reso. No. #2001-140). The change order/contract modification will increase this contract amount to \$1,600,000. For the contract period, Viacom Outdoor has committed to achieve 18% DBE participation through the utilization of the following DBE firm(s):

DBE(s) Name/Address	DBE Category	Scope of Work	Amount	Percent
J. Perez Associates, Inc. Long Beach, California	Hispanic Male	Carding and Posting of Advertisements	\$288,000.00	18%
Total DBE Participation			\$288,000.00	18%

5.0 POLICY IMPACT: Does not apply.

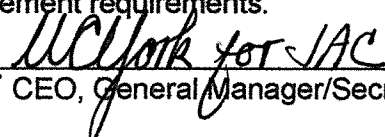
6.0 ECONOMIC IMPACT: The exact amount of revenue expected to be generated is directly dependent upon the amount of advertising sales, with a guaranteed amount of \$1,600,000.00, plus additional marketing benefits of \$175,000.00, during the option year term. For sales in excess of the guarantee over 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, jeopardizing the Authority's ability to retain and increase ridership as well as generate revenue.

8.0 RECOMMENDATION: The Finance Committee of the Board of Trustees reviewed this project at its June 7, 2005 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, contingent upon funding availability for said options.

9.0 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