

RESOLUTION NO. 2006-138

AUTHORIZING CONTRACT NO. 2006-066 WITH CBS OUTDOOR TO PROVIDE TRANSIT ADVERTISING SERVICE FOR A PERIOD OF THREE YEARS, WITH TWO ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE - BASED ON USAGE)

WHEREAS, the Greater Cleveland Regional Transit Authority permits the sale of advertising space on transit revenue vehicles and property; and

WHEREAS, the Authority wishes to maximize the revenue generating opportunities at their disposal by the sale of transit related advertising media; and

WHEREAS, the proposal of CBS Outdoor, located at 405 Lexington Ave, New York, NY 10174, with a local office at 1041 Huron Avenue, Cleveland, Ohio 44105, was received on June 5, 2006 to provide the best overall service and revenue plan for the Authority's transit advertising needs; and

WHEREAS, the General Manager/Secretary-Treasurer deems the offer of CBS Outdoor, as negotiated, to be in the Authority's best interest and recommends 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 CBS Outdoor, as modified by negotiations, be accepted to be in the best interest of the Authority to provide transit advertising service for a period of three years, with two one-year options.

Section 2. That the General Manager/Secretary-Treasurer be, and he hereby is authorized to enter into a contract with CBS Outdoor for a term of three years, with two one-year options, to provide transit advertising services.

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

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 2006-77; bonding and insurance requirements and all applicable laws relating to the contractual obligation of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that CBS Outdoor will attempt to exceed the 15% DBE goal assigned to this procurement.

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

Adopted: August 15, 2006

President

Attest: _____
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2006-066 WITH CBS OUTDOOR TO PROVIDE TRANSIT ADVERTISING SERVICE FOR A PERIOD OF THREE YEARS, WITH TWO ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE - BASED ON USAGE)	Resolution No.: 2006-138
	Date: August 10, 2006
	Initiator: Marketing 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 enter into a contract for transit advertising services for a period of three years with two one-year options.
- 2.0 DESCRIPTION/JUSTIFICATION: The Authority has a requirement to enter into a revenue generating contract with an advertising partner to provide transit advertising services for a period of three years, with two one-year RTA options. The advertising space available for marketing consists of signage space on transit revenue vehicles and property. The selected vendor will generate revenue for the Authority by the sale of transit related advertising media as well as servicing and maintaining the advertising space.
- 3.0 PROCUREMENT BACKGROUND: The Request for Proposal was posted on the GCRTA web site and advertised in the local newspapers. Proposals were received on June 27, 2006 for this solicitation. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, proposers were requested to develop and submit a service and marketing plan designed to meet the Authority's needs, as well as identify any collateral marketing opportunities that can be made available in conjunction with this project. After negotiations, the proposal of CBS Outdoor was determined to be the most advantageous to the Authority. CBS Outdoor offers a very competitive overall commission rate and an annual guaranteed commission payable semi-annually in advance. The compensation package includes a commission based on 53% of net sales, with a minimum annual guarantee of \$1,000,000.00. In addition, the Authority will receive media trade in the amount of \$175,000.00 annually. This package applies to the base contract and the option years. A revenue analysis has been performed and the Procurement Department has determined that the offer of CBS Outdoor proposal is fair and reasonable for the Authority.
- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action Requirements have been met. A 15% DBE Goal was established for this procurement. CBS Outdoor has committed to achieve the goal through the utilization of the following DBE firm:

DBE Name/Address	DBE Category	Scope of Work	Amount	Percent
J. Perez Associates Inc. Long Beach, CA.	Hispanic	Carding and Posting	\$288,000	28.8%

- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: The exact amount of revenue that will be generated is directly dependent upon the amount of advertising sales revenue generated. Funds shall be deposited into the General Fund.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of the offer would deny the Authority the economic benefits of transit advertising revenue.
- 8.0 RECOMMENDATION: It is recommended that the offer of CBS Outdoor, as modified by negotiations, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a 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