

RESOLUTION NO. 2011-73

AUTHORIZING CONTRACT NO. 2011-069 WITH ADVERTISING VEHICLES TO PROVIDE TRANSIT ADVERTISING SALES SERVICES FOR A PERIOD OF THREE YEARS, WITH TWO ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE – BASED ON NET SALES)

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 media; and

WHEREAS, the proposal of Advertising Vehicles, located at 4460 Lake Forest Dr., Suite 210, Cincinnati, OH 45242 to provide transit advertising service and revenue plan was received on June 28, 2011; and

WHEREAS, the General Manager/Secretary-Treasurer deems the offer of Advertising Vehicles, as negotiated, to be in the best interest of the Authority and recommends acceptance thereof 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 proposal submitted by Advertising Vehicles, as modified by negotiations, to provide transit advertising services for a period of three years, with two one-year options, be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be, and he is hereby authorized to enter into a contract with Advertising Vehicles for transit advertising services for a period of three years, with two, one-year options subject to approval of the exercise of each option by the General Manager/Secretary-Treasurer.

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 contingent upon compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2011-034; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

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

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

Adopted: September 20, 2011



President

Attest: 

CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION	Resolution No.:
CONTRACT: TRANSIT ADVERTISING SALES	2011-73
VENDOR: ADVERTISING VEHICLES, INC.	Date:
AMOUNT: VARIABLE, DEPENDING ON ACTUAL SALES	September 15, 2011
	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 to obtain advertising sales 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 marketing services for a period of three years, with two one-year GCRTA options. The advertising space available for marketing sales consists of signage space on transit revenue vehicles and property. The service provider will generate revenue for the Authority from the sales of transit related advertising media as well as servicing and maintaining the advertising space.
- 3.0 PROCUREMENT BACKGROUND: The Request for Proposal (RFP) was posted on the GCRTA Procurement web site and advertised in the local newspapers. Sixteen (16) prospective proposers downloaded the solicitation and five (5) proposals were received. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, and after negotiations, the proposal of Advertising Vehicles, Inc. was determined to be advantageous to the Authority. Advertising Vehicles, Inc. offers a very competitive overall commission rate and an annual guaranteed commission. The compensation package includes a commission based on 58.5% of net sales, with a minimum annual guarantee of \$1,000,000.00 for the first year of the contract term, with annual increases of \$20,000.00 in each contract year, including the option years. In addition, the Authority will receive media trade in the amount of \$125,000.00 annually. Advertising Vehicles, Inc. will provide GCRTA an irrevocable letter of credit in the amount of \$350,000 for the first year of the contract to guarantee payments. A revenue analysis was performed and the Procurement Department has determined that the offer of the Advertising Vehicles, Inc. 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. Advertising Vehicles has committed to achieve the DBE participation goal through the utilization of Franklin Imaging (female owned) in the amount of \$105,000 or 15%.
- 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 will be deposited into the General Fund.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would deny the Authority the economic benefits of transit advertising revenue.
- 8.0 RECOMMENDATION: This procurement was discussed at the September 6, 2011 Finance Committee and recommended for approval to the Board of Trustees. It is recommended that the offer of Advertising Vehicles, as negotiated, 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