

**To:** Marketing, Planning, & Legislative Committee

**Date:** January 26, 2011

**From:** Mary Burdick, Sr. Manager of Marketing

**Reviewed By:**

**SUBJECT: 2010 Bus Advertising Status Report**

**SUMMARY OF ISSUES:**

CCCTA currently contracts with Lamar Transit Advertising in conjunction with other operators. In 2009 when the CCCTA bus advertising services contract was approaching expiration, the CCCTA Manager of Marketing met with staff from Wheels, Tri Delta and WestCAT to consider entering into a joint agreement for bus advertising services. Initial feedback from potential bidders indicated that by joining forces, greater financial returns could be enjoyed by all.

An RFP was released, requiring bidders to present two financial scenarios that included minimum guarantees for each agency based on one combined contract, and a scenario assuming three separate contracts. Four proposals were received. Three provided greater minimum annual guarantees for a combined contract, and one provided the same minimum guarantees regardless of whether there were four contracts or one.

As the lead agency, CCCTA made the final recommendation, and chose Lamar Transit Advertising, whose financial proposal was the highest. Wheels chose to opt out as they had two years remaining under their current contract, with a higher minimum guarantee than was proposed.

**FINANCIAL IMPLICATIONS:**

CCCTA entered into Contract with Lamar Transit Advertising effective January 1, 2010. The contract term is three years, with two option years, and is based on a 55% revenue share with a minimum annual guarantee. During 2010 CCCTA's revenue share was less than the guaranteed minimum, therefore the guaranteed \$450,000 was paid.

CCCTA's minimum annual guarantees for the duration of the contract are as follows:

Year One - \$450,000

Year Two - \$515,000

Year Three - \$525,000

Option Year One - \$535,000

Option Year Two - \$545,000

Furthermore, if during any year the minimum annual guarantee is exceeded, each agency will receive a share of the excess revenue. The CCCTA share is 80%.

**RECOMMENDATION:**

For information and review