



SUBJECT

Exterior Bus Advertising Service

RECOMMENDATION

Recommendation for the Board of Directors to authorize the President and CEO to enter into a contract with Titan Outdoor LLC to provide exterior bus advertising service.

BACKGROUND

Long Beach Transit contracts out for the sale and display of advertising on the exterior of our buses. Revenue generated from said advertising is shared between Long Beach Transit and the contracting agency. The current contract with Titan Outdoor LLC expires on September 30, 2014.

PROCUREMENT

Long Beach Transit issued an RFP for exterior bus advertising services in order to continue the service once the current contract ends. The RFP was sent to 11 vendors and advertisements were placed in the Long Beach Press Telegram and Orange County Register. Only one proposal was submitted. The proposal came from the current vendor, Titan Outdoor LLC. Since only one company responded, LBT conducted a revenue share analysis to demonstrate that the pricing Titan Outdoor LLC is providing is considered fair and reasonable.

Titan Outdoor LLC's revenue guarantee to Long Beach Transit is as follows:

Minimum Annual Guarantee (MAG) or 60% of Net Revenue Generated (whichever is greater)

YEAR	DATES	MAG or Net Revenue %
Year 1	10/1/2014 – 9/30/2015	\$580,000 or 60%
Year 2	10/1/2015 – 9/30/2016	\$600,000 or 60%
Year 3	10/1/2016 – 9/30/2017	\$620,000 or 60%
Option Year 1	10/1/2017 – 9/30/2018	\$640,000 or 60%
Option Year 2	10/1/2018 – 9/30/2019	\$660,000 or 60%

ALTERNATIVES CONSIDERED

LBT could forgo an exterior bus advertising program. However, this is not recommended as it is a low maintenance program that results in well over a half million dollars in annual revenue.



BUDGETARY/FISCAL IMPACT

Staff is requesting authorization to enter into a three-year contract with two-one year options, commencing October 1, 2014, with Titan Outdoor LLC for exterior bus advertising services. This is a revenue-generating contract with a minimum guarantee over five years to be no less than \$3,100,000.

Kenneth A. McDonald
President and Chief Executive Officer