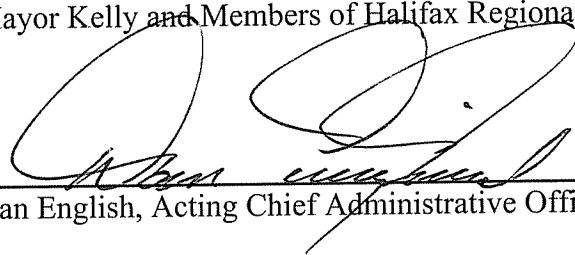

Halifax Regional Council
August 20, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Acting Chief Administrative Officer

DATE: July 24, 2002

SUBJECT: RFP #02-054 -Interior and Exterior Bus & Ferry Terminal Poster
Advertising Contract

ORIGIN

Staff conducted a call for proposals for firms interested in supplying interior and exterior bus and ferry terminal poster advertising for Halifax Regional Municipality, Transit Services. The existing five year contract with Viacom Outdoor Canada Inc., formerly Urban Outdoor Trans Ad, recently expired but was granted an extension through until August 30, 2002. Two firms responded to the Call for Proposals, Viacom Outdoor Inc. and Day Nite Neon Signs (E.C. Boone Limited).

RECOMMENDATION

It is recommended that Council :

Award RFP # 02-054 and staff be authorized to enter into a new one year- term contract, effective September 2002, renewable on an annual basis up to five (5) years maximum, on terms and conditions outlined in the Report with Day Nite Neon Ltd. for the exclusive rights to provide interior and exterior poster advertising on Metro Transit buses and at the Halifax and Dartmouth Ferry Terminals.

BACKGROUND

Interior and exterior advertising panels on Metro Transit buses have been sold under contractual agreement for over twenty years and provides extra operating revenue in addition to bus fares and bus charters for the transit system. The current contract provides payment of a set guaranteed minimum per annum or a percentage of gross revenues, whichever is the greater. For the 2001/2002 fiscal year, Transit Services received payment of \$273,750.00.

Over the past five years, billboard advertising has gained a major foothold in this marketplace and somewhat eclipsed transit advertising as an advertising medium. There are several companies that provide most of the bus advertising sales across Canada and North America. These companies have contacts with most national advertisers.

DISCUSSION

The Request for Proposals was publicly advertised on May 8, 2002 and closed on May 31, 2002.

The following firms submitted proposals:

- a) DayNite Neon Signs (E.C. Boone Limited)
- b) ViaCom Outdoor Canada Inc.(formerly Urban Outdoor Trans Ad).

The proposals were evaluated based on the following criteria and weighting:

- 1. Expertise of Firm (25%)
- 2. Expertise/Structure of Sales Team (25%)
- 3. Understanding of Scope of Work (20%)
- 4. Fee Proposal (30%).

The evaluation team consisted of representatives from Transit Services and Fleet Services. The evaluation process was facilitated by Procurement.

The scores and corresponding fee proposals from the two firms were as follows:

Firm	Cumulative Score
Day Nite Neon Signs	81
Viacom Outdoor Canada Inc.	80

Day Nite Neon Signs Inc. provided the best overall proposal including the best financial package as detailed below:

DAY NITE NEON SIGNS INC.

Revenues will be paid equal to or greater than, a percentage of the gross billings made by the contractor during such a calendar year; with respect to advertising spaces this percentage would be:

65 % of Gross Billings on the first \$300,000.00

67% of Gross Billings on the next \$300,000.00

70% of Gross Billings on the next \$300,000.00

or

a minimum guaranteed amount of \$175,000 for each year of the contract.

VIACOM OUTDOOR

It is proposed that revenues will be paid on an annual basis the greater of either:

55% of Gross Billings

or

a minimum guaranteed amount of \$150,000.00 - Year 1

a minimum guaranteed amount of \$154,500.00 - Year 2

a minimum guaranteed amount of \$159,135.00 - Year 3

a minimum guaranteed amount of \$163,909.05 - Year 4

a minimum guaranteed amount of \$168,826.32 - Year 5

Other Highlights as proposed with Day Nite Neon are as follows:

The proposed new contract for bus advertising with Day Nite Neon would provide similar services to those received in the past by other contractors.

a) Contract Term of one year-renewable on annual basis for maximum five years

b) Local/Regional Sales Manager and Advertising Poster Installer and administrative support provided out of Dartmouth office.

c) National Sales representation provided through affiliation with other national firms and representation in Toronto market.

d) Through existing markets in Newfoundland, will promote Atlantic Provinces as an advertising region.

e) Superbus artwork subject to HRM Transit Services staff approval.

f) All advertising shall meet the Canadian Code of Advertising Standards and shall not be considered discriminatory, objectionable to an race or creed or moral standard. HRM Transit Services staff reserve the right to request the immediate removal of any advertising in the reasonable exercise of discretion.

g) Contractor is responsible at its expense for placement and replacement of all advertisements.

h) Contractor supplies poster production and Superbus vinyl production services at additional cost to its advertising clients.

I) Contractor has established links to advertisers through the National List of Canadian Advertisers, Canadian Advertising Rates and Data (C.A.R.D.) and Nielsen Media Research Spotwatch, as well as with well-known National Advertising agencies such as Vickers & Benson, Maclaren Advertising, Ogilvy, Young & Rubicam, Cossette Communications, Optimedia and more.

j) Charitable and Non-Profit organizations and HRM and Transit Services are allowed advertising free of charge, in accordance with a policy agreed to by HRM Transit Services for a limited number of interior and exterior advertising spaces per month, booked on an as available basis, managed by Transit Services staff.

BUDGET IMPLICATIONS

This is consistent with the 2003/04 Transit Services budget which identifies bus advertising as a revenue source.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

There are no feasible alternatives.

Interior- Exterior Bus & Ferry Terminal Poster Advertising Contract
Council Report

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Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Brian R. Taylor, Director of Transit Services, 490-6608