HALIFAX
REGIONAL MUNICIPALITY

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Item No. 11.1.1

Halifax Regional Council
January 15, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Dan English, Chief Administrative Officer

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: January 2, 2008

SUBJECT: **Award - RFP No. 07-136 Interior & Exterior Bus Advertising for Metro Transit Service**

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's Metro Transit service. The existing 5 year contract with Day Nite Neon Signs Limited expired on October 31, 2007.

RECOMMENDATION

It is recommended that Council:

1. Award RFP No.07-136, Interior & Exterior Bus Board Advertising to Pattison Outdoor Advertising effective February 1, 2008, for the exclusive rights to provide interior and exterior poster advertising on Metro Transit buses and at the Halifax and Dartmouth Ferry Terminals with revenues credited to Revenue Account No. R622 5503 - Advertising Revenue.

2. Authorize staff to enter into a new one year term contract renewable on an annual basis up to five (5) years maximum, on the terms and conditions outlined in the report. The total guaranteed minimum revenue will be $2,310,000 (tax out) over five years, with $425,000 (tax out) guaranteed minimum in each of the first two years.

BACKGROUND

Interior and Exterior advertising panels on Metro Transit buses have been sold under contractual agreement for over twenty-five years and provide one of the only other additional operating revenues for the transit system in addition to bus fares and bus charters. The current contract provides payment of a set guaranteed minimum of $175,000 per year or percentage of gross revenues, whichever is the greater. For the contractual years, November 2005 - October 2006, and November 2006 to October 2007, Metro Transit received payment of $ 260,000 (tax out) and $313,506 (tax out) respectively.

DISCUSSION

A Terms of Reference setting the scope of work was prepared and a Request for Proposals was issued and closed August 9, 2007 for RFP 07-136, Interior & Exterior Bus and Ferry Terminal Poster Advertising. The overall objective of this proposal is a contractual agreement from a responsible firm qualified to obtain the exclusive rights to sell advertising on transit buses and at the ferry terminals. The three types of advertising covered include: 1) Bus Interior and Exterior panels 2) Full Bus Wrap or Partial Wrap Mural & Headliner poster advertising; and 3) Ferry Terminal Poster advertising.

RFP RESPONSES:

Pattison Outdoor Advertising
Day Nite Neon Signs Limited
Streetseen Media
Sambrook Media Corporation

The evaluation team consisted of representatives from Metro Transit staff and was facilitated by Procurement. A Finance resource, a professional accountant, was also included. The proposals were evaluated based on the criteria listed in Appendix A- Evaluation Score Card. The evaluation of all financial proposals (fee/cost component max points = 35) considered both minimum guaranteed payment and the payment based on the % of sales for all proponents.

Company	Scoring (Max100pts)
Pattison Outdoor Advertising	88
Day Nite Neon Signs Limited	81
Streetseen Media	69
Sambrook Media Corporation	63

Pattison Outdoor provided the best overall proposal including the best financial package as detailed below:

PATTISON OUTDOOR ADVERTISING

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 **or** a minimum guaranteed amount in respect to each contract year during the agreement. The percentages and guarantee amounts are as follows:

Year One- the greater of $425,000 or 50 % of Gross Billings
Year Two: the greater of $425,000 or 50 % of Gross Billings
Year Three: the greater of $450,000 or 50% of Gross Billings
Year Four: the greater of $500,000 or 50% of Gross Billings
Year Five: the greater of $ 510,000 or 50% of Gross Billings

Over 5 years, Pattison Outdoor's minimum guaranteed payment will be $2,310,000 and is 164 % better than the current 5 year minimum guarantee ($875,000 over 5 years) and is approximately 102% ($1,170,100) more than the total revenues earned in the last 5 years**.**

It should also be noted that the incumbent, Day Nite Neon Signs Limited's, proposal submission offers a minimum guarantee of $216,000 per year and $1,080,000 over 5 years. This is $ 1,230,000 less than Pattison Outdoor's minimum guarantee payment over 5 years.

Other Highlights s proposed with Pattison Outdoor Advertising are as follows:

The proposed new contract for bus advertising with Pattison Outdoor 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 established Dartmouth office.

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

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

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

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

g) Charitable and Non-profit organizations and HRM/Metro Transit are allowed advertising, free of charge, in accordance with the policy agreed to by HRM/Metro Transit for a limited number of interior and exterior advertising spaces per month, booked on an availability basis, managed by Metro Transit staff.

BUDGET IMPLICATIONS

This is consistent with the 2007/08 Metro Transit budget which identifies bus advertising as a revenue source. The total guaranteed minimum revenue will be $2,310,000 (tax out) over five years, with $425,000 (tax out) guaranteed minimum in each of the first two years. Revenues will be credited to Transit's revenue account No. R622 5503 - Advertising Revenue.

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. If awarded this revenue increase will be part of the 2008/09 budget consideration.

ALTERNATIVES

N/A

ATTACHMENTS

Appendix A- Evaluation Score Card.

A copy of this report can be obtained online at http://www.halifax.ca/council/agendasc/cagenda.html then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Appendix "A" Evaluation Score Card
Proposal Evaluation Criteria
Request for Proposals 07-136
Interior and Exterior Bus and Poster Advertising for Metro Transit Service

	Weight	Streetseen	Sambrook	Daynite	Pattison
1. Expertise of Firm a. Experience and Activity in other markets b. Overall credibility/reliability of firm c. Resources of firm	20	15	16	18	18
2. Expertise/Structure of Sales Team a. Management team b. Sales Manager's experience c. Local Set-up d. Identification and Adequacy of local and national representatives, and sub-consultants	25	11	16	23	21
3. Understanding of Scope of Work a. Proposal follows logical process b. Stated methodology meets RFP objectives c. Demonstrated innovative approach	20	13	13	18	18
4. Cost/Fee* **Guarantee payment over 5 years**	35	30 **$1,978,000**	18 **$1,075,000**	22 **$1,080,000**	31 **$2,310,000**
Total	100	69	63	81	88

* Revenue was based on a formula that considered both guaranteed payment and % of sales (% of gross billings).