

**City of Culver City, California
Agenda Item Report**

Meeting Date: 6/27/11		Item Number: <u>A-3</u>	
CITY COUNCIL AGENDA ITEM: Approval of a Memorandum of Understanding with Santa Monica's Big Blue Bus to Provide Bus Advertising Services.			
Contact Person/Dept.: Samantha M. Blackshire/Transportation		Phone Number: (310) 253-6535	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐	Attachments: ☐
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas – City Council (06/22/11); (E-Mail) Ongoing Topics – Culver CityBus (06/22/11).			
Department Approval: Art Ida (06/20/11)		City Attorney Approval: Carol Schwab (by H. Baker) (06/20/11)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/22/11)		City Manager Approval: John M. Nachbar (06/22/11)	

RECOMMENDATION:

Staff recommends the City Council approve a two-year Memorandum of Understanding (MOU), with three additional one year options, with the City of Santa Monica to manage the Culver CityBus Advertising Program (Program).

BACKGROUND:

The City of Culver City's Transit Operations Division, known as Culver CityBus (CCB), is responsible for providing public transit service within the City of Culver City and surrounding communities. CCB's friendly bus operators and fleet of 52 Compressed Natural Gas (CNG) buses service approximately 5 million riders annually over an area encompassing 25.5 square miles. CCB operates 38 fixed route buses during peak hours along seven routes, plus one rapid route. CCB serves Culver City and the Westside communities of Blair Hills, CenturyCity, Mar Vista, Marina Del Rey, Palms, Venice, VeniceBeach, West Los Angeles, Westchester, and Westwood.

CCB also provides direct connection service to the University of California at Los Angeles (UCLA), Imperial Highway/Aviation Metro Green Line Station, and the LAX TransitCenter. Since CCB services the Westside of Los Angeles County, staff concluded that allowing revenue-generating advertisements on the exterior surfaces of its buses is a reasonable means of maximizing use of Culver CityBus capital investments and recommended the City Council direct staff to pursue such a program. The City Council concurred.

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DISCUSSION:

Staff initially released RFP #1472 Transit Advertising on Culver CityBus Buses/Shelters/Benches (RFP #1472) on December 6, 2010. The Transportation Department received comments and questions regarding RFP #1472 by the December 24, 2010 deadline.

The majority of the questions required an expertise in the area of advertising which exceeded staff's knowledge. Therefore, staff considered the possibility of separating the bus advertising portion from the advertising on shelters/benches section. After consulting the City Attorney's Office, the Transportation Department issued Addendum #1 which suspended the shelter/bench advertising section of RFP #1472 on January 27, 2011. Addendum #1 indicated that a new bid for these services may be released at a later date. Also Addendum #1 extended the proposal due date for the bus advertising section to March 3, 2011 with contact award by March 29, 2011.

Staff held a walk through with prospective proposers on January 20, 2011. The available ad space was summarized in the RFP as follows:

YEAR	MANUFACTURER	MODEL	LENGTH	QUANTITY	Bus#	Available Ad Space
1998	NEW FLYER	C40LF	40FT	19	7060 - 7079	ALL (except 7072)
2001	NEW FLYER	C40LF	40FT	12	7080 - 7091	ALL
2003	NEW FLYER	C30LF	30FT	6	7092 - 7097	ALL
2004	NEW FLYER	C40LF	40FT	3	7098 - 7101	ALL (except 7099)
2004	NEW FLYER	C40LF	40FT	4	7102 - 7105*	TAIL ONLY
2009	NEW FLYER	Rapids	40FT	6	7106 - 7111	TAIL ONLY

*(7102 – 7105 are 2004 model year buses and Rapids)

During this timeframe CCB was contacted by Santa Monica's Big Blue Bus (BBB) staff who proposed that they manage the bus advertising program. Currently BBB sells advertising space on approximately 185 buses.

On February 16, 2011 BBB staff made a formal presentation to CCB demonstrating how their current advertising sales program could be modified to include the sale and installation of advertising on behalf of CCB. By extending their advertising program to CCB it would allow a broader reach for marketing on the Westside. BBB proposed that they manage all aspects CCB's advertising program including the sales and installation in exchange for a 30% commission on net advertising sales as opposed to up to a 50% commission charged by some advertising brokers. They indicated the estimated annual gross advertising sales would be \$411,765 less any advertising agency discounts (estimated at \$61,765); their commission (estimated at \$105,000); and the costs for posting services (estimated at \$50,000). This yields an estimated annual net advertising revenue to CCB of \$195,000.

As a result of staff's discussions with BBB, the City Manager and the City Attorney's Office, staff decided to pursue the possibility of a partnership with BBB. On

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February 22, 2011, staff issued Addendum #2 which suspended the bus advertising section of RFP #1472.

Staff believes BBB's proposal to manage the bus advertising program would be beneficial to the City. The advertisements would be consistent in content with those currently being placed on Santa Monica's Big Blue Buses. CCB would receive quarterly payments along with the appropriate supporting documentation for all ad sales. In order to move forward with this program at the beginning of Fiscal Year 2011/2012, the City Council's approval of the MOU is requested this evening. Should the City Council provide its approval, staff would issue a Notice to Proceed to the City of Santa Monica effective Tuesday, June 28, 2011.

FISCAL ANALYSIS:

BBB proposes to extend its bus advertising program to CCB by utilizing its existing staff. The advertisements would be installed by a company selected by BBB.

BBB has estimated that CCB could potentially generate net revenue of \$195,000 in Fiscal Year 2011/2012; \$212,500 in Fiscal Year 2012/2013; and \$230,000 in Fiscal Year 2013/2014.

MOTION:

That the City Council:

1. Approve a Memorandum of Understanding with the City of Santa Monica to provide bus advertising services;
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.