

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

Meeting Date: 6/24/11		Item Number: <u>C-13</u>	
CITY COUNCIL AGENDA ITEM: Approval of An Amendment to Extend the Existing Memorandum of Understanding (MOU) with the City of Santa Monica 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 (06/18/13)			
Department Approval: Art Ida 6/10/13		City Attorney Approval: Carol Schwab (by H. Baker) (06/17/13)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/18/13)		City Manager Approval: John M. Nachbar (06/18/13)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve an amendment to the existing Memorandum of Understanding (MOU) which will add two additional one year options, with the City of Santa Monica to manage the bus advertising program. <u>BACKGROUND:</u> The 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. Since CCB services the Westside of Los Angeles County, as does Santa Monica's Big Blue bus (BBB), the City Council 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 providing additional revenue to the Transit Fund. <u>DISCUSSION:</u> The City initially released RFP #1472 -Transit Advertising on Culver CityBus Buses/Shelters/Benches (RFP #1472) on December 6, 2010. During this timeframe CCB was contacted by Santa Monica's Big Blue Bus (BBB) staff who proposed that they manage the bus advertising program. 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. As a result of staff's discussions			

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with BBB, the City Manager and the City Attorney's Office staff decided to pursue the possibility of a partnership with the City of Santa Monica regarding bus advertising. On February 22, 2011, staff issued Addendum #2 which suspended the bus advertising section of RFP #1472.

On June 27, 2011 City Council approved staff's recommendation to enter into a Memorandum of Understanding with the City of Santa Monica for BBB to provide bus advertising services to the City. After both the City of Santa Monica and the City of Culver City's City Councils approved the MOU the document was modified several times by both City's City Attorney's until it was finalized a few months later. At that time, the City of Santa Monica attempted to sell Culver CityBus advertising space separate from that of Santa Monica's Big Blue Bus. Due to the size of CCB's fleet, very few ads were sold. Thereafter, the CCB advertising space was sold in conjunction with that of BBB increasing the net revenue received. Also, CCB was not receiving ads from one of the major movie industry companies. Staff was told that the broker for this agency decided not to purchase space on CCB with no other reasoning provided. Staff continued to discuss concerns regarding the low sales of advertising space on CCB with BBB.

The Transportation Department has received the following net revenue:

Fiscal Year (FY)	City of Santa Monica's Net Revenue	Net Revenue Received
2011/2012	\$195,000.00	\$65,899.27
2012/2013	\$212,500.00 (estimated)	Thus Far: \$89,622.27

BBB welcomed a new Director of Transportation shortly after the MOU was approved by the respective City Councils. After carefully monitoring the program, it was decided to make staffing changes in order to better manage the bus advertising program. This change allowed CCB to receive ads from the major movie industry company. However, due to other projects, BBB staff found it very difficult to maintain their existing work load and sell advertising space. Therefore, they decided to contract out the sales component of the bus advertising program in hopes of increasing sales and possibly attracting a larger national market.

Staff recommendation is to approve an amendment to the existing MOU with the City of Santa Monica to continue the management of all aspects of the CCB advertising program including sales and installation in exchange for the same 30% commission on net advertising sales as was indicated in the original MOU. The only difference from the previous arrangement would be that the City of Santa Monica will be allowed to sub-contract out the selling of advertisement space on both their buses and those of CCB to an outside firm. The City of Santa Monica will be issuing an RFP in the next few months for these services. In the meantime, they will continue selling advertising space for both agencies until a contract has been finalized with the new firm. Although an outside firm would sell the advertising

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space, all ads must still adhere to the very strict policies already established for the program.

Staff believes it remains beneficial for the City to continue its MOU with the City of Santa Monica due to the combined fleet size, which is attractive to companies seeking advertising space. It is also in the City's best interest since BBB has agreed to continue the 30% commission as opposed to the 50% traditionally charged by advertising brokers. CCB would receive quarterly payments along with the appropriate supporting documentation for all ad sales. In order to continue this program beyond the expiration of the existing MOU, staff recommends the City Council approve the proposed amendment to the MOU.

These services are excepted from the formal competitive bidding requirements per Culver City Municipal Code Section § 3.07.085.A.

FISCAL ANALYSIS:

Approval of the proposed amendment to the MOU would continue the stream of advertising revenues realized over the past two fiscal years.

MOTION:

That the City Council:

1. Approve an amendment to the existing Memorandum of Understanding with the City of Santa Monica to provide bus advertising services for up to two additional years (up to two one year options as approved by the City Manager); and,
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.