



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 15-868, **Version:** 1

Item #: C-21.

CC - (1) Waiver of Formal Competitive Bidding Procedures; and (2) Approval of a Memorandum of Understanding with Santa Monica's Big Blue Bus to Continue Providing Bus Advertising Services

Contact Person/Dept: Samantha Blackshire/Transportation
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Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Public Hearing: ☐

Action Item: ☐

Attachments: Yes ☐ No ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Commission Name:

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/08/16)

Department Approval: Art Ida (06/03/16)

RECOMMENDATION

Staff recommends the City Council (1) waive formal competitive bid procedures; and (2) approve a Memorandum of Understanding (MOU), for a three-year term and two additional one-year options, with the City of Santa Monica for the continued management of the City's bus advertising 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 54 Compressed Natural Gas (CNG) buses service approximately 5 million riders annually over an area encompassing 25.5 square miles. Since CCB services the Westside of Los Angeles County, as does Santa Monica's Big Blue Bus (BBB), the City Council previously 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.

The City of Culver City originally entered into an MOU with the City of Santa Monica to provide bus advertising services in 2011. This was after the City of Culver City had released an RFP #1472 - Transit Advertising on Culver CityBus Buses/Shelters/Benches on December 6, 2010. During this

timeframe CCB was contacted by BBB staff who proposed that they manage the bus advertising program. By extending their advertising program to include CCB it would allow a broader reach for marketing on the Westside. BBB proposed that they manage all aspects of CCB's advertising program, including the sales and installation, in exchange for 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 with BBB, the City Manager and Transportation Department staff, in consultation with the City Attorney's Office, decided to pursue the possibility of a partnership with the City of Santa Monica regarding bus advertising. The City of Culver City then suspended RFP #1472. On June 27, 2011 City Council approved staff's recommendation to enter into an MOU with the City of Santa Monica allowing BBB to provide bus advertising services.

DISCUSSION

The original agreement was for two years with a first, second, and third modification of the agreement to extend the terms by one additional year. At this time, the third modification of the agreement is scheduled to expire on June 30, 2016.

The Transportation Department has received the following net revenue over the duration of the previous MOU:

<u>Fiscal Year (FY)</u>	<u>Net Revenue Received</u>
2011-2012	\$65,899.27
2012-2013	\$170,675.08
2013-2014	\$260,149.05
2014-2015	\$216,794.98
2015-2016	Thus Far: \$120,672.80 (\$81,729.46 payment pending)

Grand Total Received: \$834,191.18

Staff believes it remains beneficial for the City of Culver City to enter into another MOU with the City of Santa Monica due to the combined fleet size, which is attractive to companies seeking advertising space. The advertisements would be consistent in content with those placed on BBB buses. It is also in the best interest of the City of Culver City since BBB has once again agreed to continue the 30% commission rate. CCB will continue to receive quarterly payments along with the appropriate supporting documentation for all ad sales. In order to continue the existing bus advertising program staff is recommending the establishment of a new three-year MOU with two one-year extensions. This would allow BBB to continue its management of the City of Culver City's bus advertising program which has proven to be beneficial.

In general, Culver City Municipal Code (CCMC) § 3.07.085 exempts professional services from the formal competitive bid process. However, pursuant to CCMC Section 3.07.050, where the same consultant has been utilized for a period of five years, the formal bidding procedures shall apply unless waived by the City Council. In this case, City staff is requesting that the City Council waive this requirement for the reasons stated above, in accordance with CCMC § 3.07.075.E.3.

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.

ATTACHMENTS

None.

RECOMMENDED MOTIONS

That the City Council:

1. Waive the formal competitive bid procedures;
2. Approve a Memorandum of Understanding, for a three-year term and two one-year extensions, with the City of Santa Monica to provide bus advertising services;
3. Authorize the City Attorney to review/prepare the necessary documents; and
4. Authorize the City Manager to execute such documents on behalf of the City.