

# **AGENDA ITEM SUMMARY**

## **FORT COLLINS CITY COUNCIL**

**ITEM NUMBER: 22**

**DATE: August 15, 2006**

**STAFF: James B. O'Neill II  
Marlys Sittner**

### **SUBJECT**

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First Reading of Ordinance No. 123 , 2006, Extending the Contract for Advertising on Exterior and Interior of Buses for Up to Five Additional Years.

### **RECOMMENDATION**

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Staff recommends adoption of the Ordinance on First Reading.

### **FINANCIAL IMPACT**

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Under the terms of the existing five-year Agreement, Outdoor Promotions remits to the City an amount equal to 51% of the gross revenues received for advertising displayed on Transfort buses. In addition, Outdoor Promotions pays the City a minimum guaranteed amount for advertising under this Agreement of no less than \$50,000 per contract year.

### **EXECUTIVE SUMMARY**

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The existing Agreement with Outdoor Promotions, Inc. expires on September 30, 2006. This five-year Agreement was entered into on September 18, 2001, after being awarded through Request for Proposals #P792. The contract allows for another five (5) year extension upon approval by the City Council.

Outdoor Promotions also has a twenty (20) year contract with the City to provide bus bench and shelter advertising. Outdoor Promotions has developed business relationships with individuals and businesses who advertise on both the City buses and on the benches and shelters. It would be beneficial to the City to extend this contract for an additional five (5) years and take advantage of the synergy created by having one firm offering a variety of ways to advertise on the bus system.

### **BACKGROUND**

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In May 2001, the City sought proposals from qualified contractors to sell advertising space on the exterior and interior of Transfort buses as a means to generate revenue for the City. Four contractors submitted proposals, three were selected for oral interviews, and Outdoor Promotions was selected for contract negotiation. The decision was made to award an initial contract term of five years, in order to give Outdoor Promotions a sufficient amount of time to solicit advertising customers, create advertising copy with those customers, produce the physical signs, mount the signs on the interior

and exterior of Transfort buses, and generate a sufficient amount of revenue in order to make the enterprise a viable one for the advertising customer, Outdoor Promotions, and the City.

Also in May 2001, the City sought proposals from qualified contractors to supply bus shelters and benches and produce advertising for them. Three contractors submitted proposals, two were selected for oral interviews, and Outdoor Promotions was selected for contract negotiation. City Council adopted an ordinance authorizing a twenty (20) year agreement which expires December 31, 2021.

### **Transfort Request**

The current contract for the sale of advertising space on the exterior and interior of Transfort buses pays the City in excess of \$50,000 per contract year. This contract has been in existence for five (5) years. Both the City and Outdoor Promotions have indicated their desire to renew this contract for another five years. The City conducted a similar RFP process four months ago, which only garnered one (1) proposal. The City and Outdoor Promotions both agree that it is mutually beneficial to renew the contract for Advertising on Exterior and Interior of Buses for another five-year term. There is also a great deal of synergy having both the interior and exterior bus advertisement with Outdoor Promotions, since there is an existing long-term relationship for the provision of bus shelters and benches, which has another 15+ years to run. The bus shelter and bench contract pays the City in excess of \$100,000 in advertising revenue per contract year.

### **Summary**

**Sec. 8-186. Multi-year contracts.** (a) No contract for services or professional services, including all renewals, shall be made by the City for a period longer than five (5) years, unless authorized by ordinance, which ordinance shall not be passed as an emergency ordinance.

Both Transfort and the Purchasing staff believe that Outdoor Promotions, Inc. has performed well, and staff recommends Council approve the extension of the Contract for Advertising on Interior and Exterior of Buses for another five-year term.

ORDINANCE NO. 123, 2006  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
EXTENDING THE CONTRACT FOR ADVERTISING  
ON EXTERIOR AND INTERIOR OF BUSES  
FOR UP TO FIVE ADDITIONAL YEARS

WHEREAS, Outdoor Promotions, Inc. was selected by a competitive process to provide advertising on the exterior and interior of buses; and

WHEREAS, the City has contracted with the Outdoor Promotions for the last five years to provide that advertising; and

WHEREAS, the City awarded Outdoor Promotions a twenty (20) year contract to provide bus bench and shelter advertising, and Outdoor Promotions has established ongoing business relationships with individuals and businesses who advertise on both the City buses and on the benches and shelters; and

WHEREAS, it would be beneficial to the City to extend the bus exterior and interior advertising contract for an additional five years to take advantage of the synergy created by having one firm offering a variety of advertising options on the bus system; and

WHEREAS, the City desires to extend the term of the contract for an additional period of up to five years; and

WHEREAS, Outdoor Promotions has agreed to provide these advertising services on bus exterior and interiors for an additional period of up to five years; and

WHEREAS, Section 8-186(a) of the Code of the City of Fort Collins requires all contracts in excess of five years to be approved by ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the Purchasing Agent is hereby authorized to enter into an extension of the Exterior and Interior Bus Advertisement contract with Outdoor Promotions, Inc. for a period of up to five years.

Introduced, considered favorably on first reading, and ordered published this 15th day of August, A.D. 2006, and to be presented for final passage on the 5th day of September, A.D. 2006.

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Mayor

ATTEST:

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City Clerk

Passed and adopted on final reading on the 5th day of September, A.D. 2006.

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Mayor

ATTEST:

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City Clerk