

Request for Decision

Advertising Contract Option to Extend

Presented To: Operations Committee

Presented: Monday, Jul 07, 2014

Report Date: Wednesday, Jun 25, 2014

Type: Managers' Reports

Recommendation

That the City of Greater Sudbury authorize the General Manager of Infrastructure Services and the General Manager of Community Development to exercise the option to extend the municipal arena and transit advertising agreement and approve the terms of the extension as outlined in the report dated June 25, 2014 from the General Manager of Infrastructure Services regarding Advertising Contract Option to Extend.

Finance Implications

For transit services, extending the contract will provide average incremental revenue of approximately 1.5% per year (or \$10,000 over the 5 year extension term from 2015-2019, inclusive) above the current 2014 budget of \$130,000. For municipal arenas, extending the contract will provide annual revenue of \$25,000 per year over the 5 year extension term.

Background

BK Marketing has been providing advertising services to Greater Sudbury Transit since 1992 and some municipal arenas since 1990. The current contract for advertising services is set to expire on July 31st, 2014 for Municipal Arena Advertising and December 31st, 2014 for Transit Advertising. The contract was awarded subsequent to a competitive process in 2009. Under the terms of this contract the City has the option to extend the agreement for a further term of five years, from August 1st, 2014 to July 31st, 2019 with respect to arena advertising and from January 1st, 2015 to December 31st, 2019 with respect to transit advertising.

Advertising is a revenue source which assists in reducing taxpayer costs for municipal programs, services and facilities. The approval of the five year extension will be based on the same terms and conditions as presented to the Operations Committee on November 7th, 2013 and approved by Council on Tuesday, December 10th, 2013. Transit Advertising will receive compensation in the amount \$132,500 for 2015 with a \$10,000.00 increase in revenue over the extension term. Municipal arena advertising will receive an annual license fee of \$25,000.00 per year over

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Division Review

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Recommended by the Department

Tony Cecutti
General Manager of Infrastructure
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Recommended by the C.A.O.

Doug Nadorozny
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the same term.

Greater Sudbury Transit grants exclusive rights to advertising on buses, bus shelters and bus benches. BK Marketing provides creative transit advertising products such as bus wraps, tail wraps and graphic displays for the tops of shelters. The bus bench program is provided as a convenience to transit passengers and are installed and maintained by BK Marketing.

Within municipal arenas, there are a number of advertising opportunities which include rink boards, ice resurfacers, interior and exterior wall signage, and entrance bulletin boards.

The sale of advertising rights requires an intensive effort and is one which has traditionally been contracted out by the City, with the service provider managing the sale, billing and installation of advertising in exchange for payment of a license fee. In the opinion of staff, this advertising contract represents very good value to the City in comparison to similar contracts at other municipalities.

Staff therefore recommends that Council authorize the General Manager of Infrastructure Services and the General Manager of Community Development to exercise the option to extend the municipal arena and transit advertising agreement.