

Request for Decision

Advertising Contract Agreement

Presented To:	Operations Committee
Presented:	Monday, Nov 18, 2013
Report Date	Thursday, Nov 07, 2013
Type:	Managers' Reports

Recommendation

That the City of Greater Sudbury approve the recommended changes to the Advertising Contract as outlined in the report dated November 7, 2013 from the General Manager of Infrastructure Services and authorize the General Manager of Infrastructure Services to execute the amending agreement.

Finance Implications

As a result of some of the changes identified in the report, the advertising revenue budget for 2013 of \$117,000 is expected to reach \$125,000 by year end. Furthermore, the 2014 budget is also expected to increase to \$130,000, an increase of \$12,000 or 11% of the previous year budget.

Background

In 2013 the Auditor General's Office conducted an audit of the Sudbury Transit and Municipal Arenas Advertising Contract.

The scope of this audit was to review the administration of the advertising agreement for the period of 2010, 2011 and 2012 with one of the objectives being to determine whether appropriate value has been obtained based on the amount of revenue received through these programs.

It was determined that some elements of the agreement were not operating effectively. The reporting requirements and the tracking process as identified in the agreement provided significant challenges for both City staff and the contractor. The audit recommended a review of the terms and conditions as an opportunity for improving the value for money for the City.

The Manager of Transit and Fleet Administration was assigned the task of reviewing the terms and conditions of the contract with BK Marketing and negotiating appropriate amendments.

The parties agreed to amend terms of the contract which will see increased value for money for the City, efficiencies for the contractor and flexibility for bench requests.

Signed By

Report Prepared By

Maureen Blanchard
Manager of Transit and Fleet
Administration
Digitally Signed Nov 7, 13

Division Review

Roger Sauvé
Director of Transit & Fleet Services
Digitally Signed Nov 7, 13

Recommended by the Department

Tony Cecutti
General Manager of Infrastructure
Services
Digitally Signed Nov 7, 13

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Nov 9, 13

The key amendments are as follows:

- Amend the contract and remove the obligations set out in Section 5 relating to the Confirmation of Revenue effective January 1st, 2013. To further simplify reporting and auditing process for both parties the obligations outlined in Section 15 Annual Gross Billings and Sections 5 and 6 of Schedule B would have no application to payment obligations arising in the 2013 or 2014 calendar year or in any extension term;
- Amend the Minimum Annual License Fee for transit advertising to reflect the increased guarantee of \$125,000 plus H.S.T. for 2013 and \$130,000 plus H.S.T. for 2014;
- That the annual fee represents advertising on Buses, Benches and Transit Shelters;
- Any new advertising initiatives will be negotiated with terms and conditions and revenues established for each; and
- That BK will place benches at up to 10 locations requested by the City on an annual basis.

The Sudbury Wolves and BK Marketing have been providing advertising services for Greater Sudbury Transit for more than 20 years. The current agreement is for a term of five years, from January 1, 2010 to December 31, 2014 with a renewal option for an additional five years.