

FASANA MOTION

In December 2012 the Board awarded two related revenue contracts to sell and display advertising on Metro's bus and rail system. The contracts took effect January 2013 and were for 2 years with options to extend the contract in three 1-year options. Although the decision to exercise the first year option did not have to be made until June of 2014, the first option year was exercised by staff on February 28, 2014, extending the contract to December 31, 2015. Staff made this decision to extend the contract for another year because all required revenue payments to Metro had been made and all other requirements of the contract were fulfilled. In June 2014 the Board adopted the policy that the exercising of any contract option exceeding \$500,000 annually must be approved by the Board.

Staff provided information that "optimally," the Board would begin the process to re-issue a request for proposal by returning to the Board in October of 2014, allowing more than ample time to complete the process of contract award recommendation in May of 2015. Depending on the benefit to Metro, this would allow for either the award of a new contract or the exercise of another one year option on the existing contract in June of 2015.

Staff indicated in their reports to the Board on July 21, 2014 and August 1, 2014, that prior to the extension of the contract, a market analysis should have been completed. There have been significant positive changes in the market and the economy since the original contract award date. It is in Metro's interest to generate the maximum amount in revenue from advertising. Although most transit agency advertising contracts employ a "revenue-share" arrangement, Metro has opted to employ a "fixed guarantee" arrangement.

In an effort to maximize advertising revenue and test the existing advertising market;

I THEREFORE MOVE that staff return to the October 2014 meeting of the Executive Management Committee to review the draft Request for Proposals for revenue-generating bus and rail advertising including both fixed guaranteed revenue and revenue sharing options, and include any other opportunities to expand available ad space requiring no policy change.

Please go to the links below to access:

RFP No. PS12714022:

http://libraryarchives.metro.net/DB_Attachments/141107_RFP_No_PS12714022.pdf

RFP No. PS12714023:

http://libraryarchives.metro.net/DB_Attachments/141107_RFP_No_PS12714023.pdf