

ITEM #: 20
DATE: 06-28-22

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR TRANSIT ADVERTISING SERVICES

BACKGROUND:

CyRide's current bus advertising contract will end on July 30, 2022, with all available annual renewals exercised. CyRide's share of the contract's gross advertising sales revenue has been 60%, with a \$250,000 minimum annual guarantee during this contract. In the last two years, the Transit Board amended the contract to remove the guaranteed minimum payment due to the impact of the COVID-19 pandemic.

In preparation for contract expiration, CyRide, with assistance from the Purchasing Division, released Request for Proposal (RFP) 2022-171 on June 2, 2022, with proposals due June 16, 2022. CyRide expected at least two responses for this procurement; however, it received a single response from Houck Advertising of Shoreview, MN. A second firm indicated they would not respond due to the preferred advertising medium for CyRide's bus system. The result of Houck Advertising's bid is detailed below.

Houck Transit Advertising		
Year	CyRide Revenue Share	Minimum Annual Guarantee
Year 1	60%	\$175,000
Year 2	60%	\$185,000
Year 3	60%	\$195,000
Year 4 (Optional Renewal)	60%	\$200,000
Year 5 (Optional Renewal)	60%	\$205,000
Total Revenue (end of 3 years)		\$555,000
Potential Total Revenue (end of 5 years)		\$960,000

Based upon evaluation of the bid and Houck Advertising's revenue generated over the last two contract periods, Houck Advertising's response was found to be favorable. Houck Advertising's guaranteed revenue would generate \$175,000 in advertising revenue for the next fiscal year and \$555,000 over the next three fiscal years.

At their meeting on June 22, 2022, the Transit Board approved award of contract to Houck Transit Advertising.

ALTERNATIVES:

1. Approve award of contract to Houck Advertising of Shoreview, MN, for a contract period of July 31, 2022, through June 30, 2025, with the possibility of two additional twelve-month renewal periods.
2. Reject award of contract and direct staff to proceed according to City Council priorities.

CITY MANAGER'S RECOMMENDED ACTION:

Awarding the contract to Houck Advertising for the exclusive rights to sell advertising on CyRide buses will maximize advertising sales revenue for CyRide. Houck Advertising is familiar with CyRide's buses and advertising policies and has provided quality service to CyRide during the current contract period. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1.