

EVALUATION OF TRANSIT ADVERTISING CONTRACTS - DEFERRAL

EXECUTIVE SUMMARY

Administration is requesting a deferral of the Evaluation of Transit Advertising Contracts to 2015 March. There was a delay in procurement of a consultant to conduct a review as additional time was needed to negotiate the scope and budget of the contract. A report on transit advertising and coordinated street furniture can be brought forward at the same time in 2015 March.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Transportation and Transit recommend that Council approve Administration's request to defer the Evaluation of Transit Advertising Contracts to no later than the 2015 March.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 March 10, with respect to Report TT2014-0135 Calgary Transit Fare Strategy Review, Council directed the Administration "to conduct an evaluation of the current transit advertising contracts to identify opportunities for increased revenues including the sale of advertising space on City owned lands and report back to the SPC on Transportation and Transit no later than 2014 October."

BACKGROUND

Calgary Transit has contracts with three private contractors for the sale of advertising related to:

- The interior and exterior of buses, CTrains, stations and other transit facilities;
- Transit shelters; and
- Benches at bus stops.

These contracts collectively provide approximately \$7.2 million of guaranteed minimum annual revenue which, by agreement, increases annually and allows for bonus payments. The shelter advertising contract obligates the contractor to provide, clean and maintain over 1,500 passenger shelters with 25 new shelters added each year. The contractor owns these shelters until the termination of the contract whereupon they become City property. The bench contract requires the contractor to provide and maintain benches at mutually agreed locations – currently there are approximately 2,600 benches. At the conclusion of this contract, the benches will remain property of the contractor. These are long term contracts (10+ years) that are due to expire between 2016 and 2018.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Calgary Transit has just hired a consultant who will conduct a review of the current advertising agreements to identify how Calgary's transit advertising revenues compare to other similar North American markets. They will make recommendations that can be used to optimize revenues under the existing agreements and be incorporated into future agreements. It is anticipated that this work will be completed in early 2015. Administration will then review the report and prepare a report and recommendations to Council.

The Transportation Department is also developing options for implementation of an advertising-based, coordinated street furniture program in response to a Notice of Motion (NM2012-23). Following initial research and reporting by City staff, Council in 2013 November directed City Administration to proceed with 'next steps' for program implementation, consisting primarily of

EVALUATION OF TRANSIT ADVERTISING CONTRACTS - DEFERRAL

external stakeholder engagement and the development of terms of reference. A status report – TT2014-0248 was provided to the SPC on Transportation and Transit on 2014 April 16 and a follow up report with a recommended terms of reference will be provided in 2015 March.

Stakeholder Engagement, Research and Communication

These studies involve engagement with key community and industry stakeholders including the three current advertising contractors, local BRZs and community associations.

Strategic Alignment

The deferral request will not impact strategic alignment.

Social, Environmental, Economic (External)

There are no social, environmental or external economic impacts associated with this deferral request.

Financial Capacity

Current and Future Operating Budget:

Current and future operating budgets are not impacted by this deferral request.

Current and Future Capital Budget:

Current and future capital budgets are not impacted by this deferral request.

Risk Assessment

There are no significant risks associated with this deferral request.

REASON(S) FOR RECOMMENDATION(S):

Administration requires time for the consultant to conduct a review and provide recommendations and to potentially coordinate with the coordinated street furniture project.

ATTACHMENT(S)

None.