



November 1, 2017

Honorable Members, Public Works and Gang Reduction Committee

**Re: Coordinated Street Furniture Program (CF 00-1073-S1)**

In consideration of future actions related to the Street Furniture Program contract with Outfront JC Decaux, LLC (JC Decaux), I would like to offer additional considerations which I believe may further strengthen the agreement and provide the City with additional revenues. As background, in 2012, the Controller's Office issued an audit of the City's Street Furniture contract with JC Decaux. The audit made several recommendations, including the following: 1) the provision in the contract determining the methodology for adjusting the "Minimum Annual Fee" (MAF) requires modification; and 2) the site approval process requires streamlining to allow for more timely approvals and additional revenue.

Since assuming office, I have believed it necessary to follow-up on the 2012 audit, to ensure that City revenues can be maximized through a strengthened agreement, in a manner which is mutually beneficial to the City and the contractor.

I am pleased that a number of the recommendations contained in the report of the Bureau of Street Services (BSS), Chief Legislative Analyst (CLA), City Attorney, and JC Decaux, dated February 28, 2017, are substantially consistent with my Office's recommendations. If modifications are made to the MAF to ensure consistent revenue, along with streamlining the approval process, both the City and JC Decaux could be provided greater assurances that both will receive consistent MAF revenue, and greater percentage revenue, as defined in the contract.

While I am substantially in agreement with the recommendations, I request that your Committee consider the following, which could provide additional revenue opportunities:

- BSS and CLA, with the assistance of the City Attorney, could be requested to provide periodic reviews/reports to Council to explore opportunities to capture additional revenue, including incorporation of newly evolving technologies with advertisements;
- BSS and CLA, with the assistance of the City Attorney, could be requested to determine how to provide more flexibility to vendors or advertisers that can assist in incorporating new advances in technology. For instance, providing wifi infrastructure on street furniture or adding mobile charging stations could provide additional public benefits, while bringing attention to advertisements on street furniture;
- As part of the amended agreement, some non-transit related street furniture items that are outdated, underutilized, or problematic such as newsstands and public toilets, could be reconsidered. In place of those items, more relevant and up-to-date options could be considered in strategic locations to maximize revenue and advertisements; and
- BSS, CLA, and the City Attorney, could be requested to ask JC Decaux to explore the use of digital, in addition to static, advertising on street furniture in high-demand areas of the City.

The recommendations contained in the report are a step forward in maximizing City revenues. With this important step, comes an equally important opportunity; one in which we should seek ways to best fully capture, and use as leverage, the evolving technologies that could help us realize even more substantial revenues.

Respectfully,

A handwritten signature in black ink, appearing to read "Ron Galperin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ron Galperin  
CITY CONTROLLER