

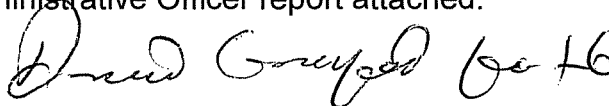
0150-07828-0003

TRANSMITTAL

| | | |
|--------------------|----------------------------|------------------|
| TO City Council | DATE JUN 05 2009 | COUNCIL FILE NO. |
| FROM The Mayor | COUNCIL DISTRICT | |

**Proposed Contract Amendments with Ilium Associates, Inc. for
Transit Advertising and Marketing Services**

Transmitted for your consideration. See the
City Administrative Officer report attached.



MAYOR

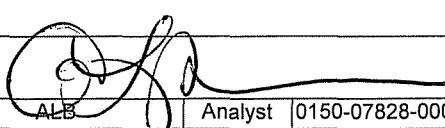
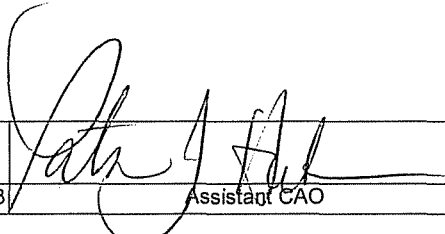
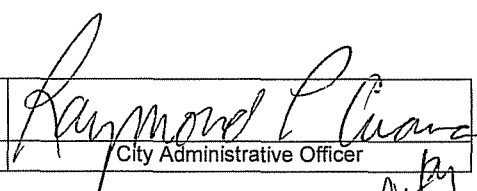
RPC:ALB:06090264

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| To: The Mayor | Date: 06-02-09 | C.D. No. All | CAO File No.: 0150-07828-0003 |
| Contracting Department/Bureau: Department of Transportation | | Contact: Jim Lefton, (213) 972-8408 | |
| Reference: Transmittal from the General Manager of the Department of Transportation dated December 11, 2008; Referred for report by the Mayor on December 15, 2009 | | | |
| Purpose of Contract: To provide transit advertising and marketing services to promote ridership and awareness. | | | |
| Type of Contract: () New contract (X) Amendment | | Contract Term Dates: A one-year option to renew the contract after the initial three-year term expires on June 30, 2009. | |
| Total potential contract amount: \$6.3 million | | | |
| Proposed amount \$1.3 million + Prior award(s) \$5 million = Total \$6.3 million | | | |
| Source of funds: Proposition A Local Transit Assistance Fund | | | |
| Name of Contractor: Ilium Associates, Inc. | | | |
| Address: 600 108 th Avenue NE, Suite 660, Bellevue, WA 98004 | | | |
| | Yes | No | N/A* |
| 1. Council has approved the purpose | X | | |
| 2. Appropriated funds are available | X | | |
| 3. Charter Section 1022 findings completed | X | | |
| 4. Proposals have been requested | X | | |
| 5. Risk Management review completed | X | | |
| 6. Standard Provisions for City Contracts included | X | | |
| 7. Workforce that resides in the City: 7% | | | |
| | | | *N/A = not applicable ** Contracts over \$100,000 |

COMMENTS

The Department of Transportation (DOT) requests authority to execute a one-year contract amendment with Ilium Associates, Inc. to advertise and market the City's transit services (attached). In December 2005, DOT selected Ilium Associates, Inc. through a competitive process and was authorized by the Mayor and Council to execute a three-year contract expiring on June 30, 2009 (C.F. 06-1330). The additional one-year contract amendment would result in a contract term of four years, expiring on June 30, 2010. The maximum compensation for the three year contract term is \$5 million that has been provided in the City's Proposition A Local Transit Assistance Fund. The additional one-year option to renew the contract has been budgeted in the 2009-10 Proposition A Fund budget in the amount of \$1.3 million. This will result in a maximum compensation of \$6.3 million over the four year term. It should be noted that compensation to Ilium Associates, Inc. for the fourth year of the contract is based on the firm's original response to DOT's request for proposals.

| | | |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
|  ALB Analyst 0150-07828-0003 |  Assistant CAO |  City Administrative Officer |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|

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Background

DOT's transit vehicle fleet provides services to over 30 million passengers each year. The fleet operates the following programs:

- Commuter Express – These routes provide direct express service from suburban areas to Downtown Los Angeles and other major employment centers.
- Downtown Area Short Hop (DASH) – These fixed routes within Downtown and various large communities allow passengers to circulate between shopping centers, schools, hospitals, senior care centers, government offices and entertainment centers.
- Cityride – This program allows eligible seniors and disabled passengers to purchase a discounted book of transit scrips that may be used for various transit services, such as taxi or Dial-A-Ride curbside service, based on the riders' needs.
- Charter Bus – This program provides bus services to students for recreational and educational trips.

Given the City's diverse population and the wide age range of DOT's transit customers, a specialized marketing approach is required to effectively distribute transit information and promote ridership and awareness. Since 1986, DOT has maintained a contract for marketing and advertising services of its transit projects. Since 1991, Ilium Associates, Inc. has been the selected contractor for these services. Ilium has implemented various innovative marketing strategies such as the following:

- Production of pocket transit schedules and other promotional materials;
- Development of transit fleet logo designs, exterior bus detailing and bus stop design;
- Management of the Transit Store, including provision of customer information, sales of fare media and management of the customer comment system;
- Development and maintenance of DOT's transit website, which allows riders to purchase transit fare over the Internet and submit feedback on DOT's transit services; and,
- Market research and media relations, including public service announcements, paid media advertising, billboards and press kits.

These services will be continued to be provided by Ilium Associates, Inc. under the executed one-year contract extension. It is also recommended that, to the extent possible, the firm begin a transfer of knowledge and duties to City employees that may be facing layoff due to the City's economic constraints. It is also recommended that DOT complete a new Request for Proposals process as soon as possible in order to maximize any cost benefits.

Ilium Associates, Inc. is a minority and woman-owned business enterprise that has over 30 years' experience in the public transportation industry providing marketing services. This firm also has experience with other large metropolitan areas such as New York City, Dallas and Seattle.

Ilium Associates, Inc. complies with the City's contracting requirements.

RECOMMENDATION

That the Council:

1. Authorize the General Manager of the Department of Transportation to execute a one-year contract amendment with Ilium Associates, Inc. to provide Citywide transit marketing and advertising services for a fourth year, subject to the approval of the City Attorney as to form and legality,
2. Instruct DOT to review the scope of work performed by Ilium Associates, Inc. and, to the extent possible, develop a plan to transition work to City employees that may be facing layoff, and
3. Instruct DOT to complete a new Request for Proposals process as soon as possible in order to maximize any contractual cost benefits

FISCAL IMPACT STATEMENT

The total maximum compensation for the two proposed one-year contract extensions is \$3.7 million over the two years. Sufficient funding is available for the first one-year contract amendment, or the fourth year of the contract, in the 2009-10 Proposition A Local Transit Assistance Fund for transit marketing services. Funding for the second one-year option to renew the contract, or the potential fifth year of the contract, is subject to the availability of funds to be approved by the Mayor and Council in the 2010-11 budget process. There is no impact to the General Fund.

RPC:ALB:06090264

Attachment

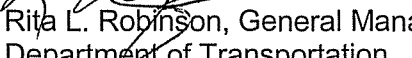
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DEC 15 PM 4:02

ADMINISTRATIVE OFFICER

Date: December 11, 2008

To: Honorable Antonio R. Villaraigosa, Mayor
Attention: June Lagmay, Legislative Coordinator

From: 
Rita L. Robinson, General Manager
Department of Transportation

**Subject: RECOMMENDATION TO EXERCISE FOURTH YEAR CONTRACT OPTION
FOR CITYWIDE TRANSIT MARKETING AND ADVERTISING SERVICES
(CF # 06-1330)**

The City Council, at its meeting on June 21, 2006, authorized the City of Los Angeles Department of Transportation (LADOT) to execute a contract with Ilium Associates, Inc. (Ilium) for the continued provision of citywide transit marketing services. The contract is for three years with two option years. LADOT's public transit program includes the DASH, Commuter Express, Cityride and Charter Bus programs. LADOT operates a transit fleet of nearly 400 vehicles, which is among the top 50 largest transit fleets in the country. Overall, LADOT serves approximately 30 million transit passenger trips on an annual basis. The current three-year contract with Ilium expires on June 30, 2009. The Department is recommending that the existing contract with Ilium be amended to include a fourth year at the cost rates included in Ilium's original proposal submitted on February 17, 2006.

RECOMMENDATION

That the Council:

Authorize the General Manager, Department of Transportation, to execute a contract amendment with Ilium Associates, Inc. to provide citywide transit marketing and advertising services for a fourth year, subject to the approval of the City Attorney as to form and legality.

BACKGROUND

As LADOT's transit services have grown, the marketing of those services has become increasingly more comprehensive and challenging. Ridership on LADOT transit services reached a new milestone of approximately 30 million passenger trips in FY 2007-08. The popularity of LADOT's transit program can be attributed in part to the provision of an effective transit-marketing program. Ilium Associates, Inc. (Ilium) is LADOT's incumbent contracted transit-marketing consultant. The current three-year contract with Ilium expires on June 30, 2009. Ilium previously was the Department's transit marketing consultant for a five year contract term.

LADOT circulated an RFP in December 2005 soliciting proposals for the continued provision of citywide transit marketing and advertising services. The primary goals of LADOT in regard to this RFP were to maintain existing ridership and attract new ridership through effective marketing. LADOT's RFP solicited the services of an experienced firm, preferably with a transit marketing background, to work with staff, other City departments and other bureaus, transit agencies and contractors to complete a wide variety of assigned work including:

- Design of informational and promotional materials (transit schedules and maps, brochures, guides, newsletters, etc.)
- Development of transit fleet logo designs, exterior bus paint detailing, bus stop design, etc.
- LADOT transit website (upgrade, maintenance)
- LADOT Transit Store (provision of customer information, sales of fare media, management of customer comment system)
- Market Research
- Target marketing including ethnic marketing
- Media Relations (public service announcements, paid media advertising, billboards, press kits, etc.)
- Community events
- Promotion of new service
- Special events

LADOT operates a diverse program of public transit services, each of which requires a specialized approach to marketing based on the service type and the unique characteristics of the communities/clientele served. The following is a brief summary of the various transit services operated by LADOT.

Commuter Express – A peak period express bus service operating primarily from suburban areas to Downtown Los Angeles and other major work centers including Westwood, Century City, LAX, El Segundo, Long Beach, San Pedro, Pasadena, Glendale, Burbank Media District, Encino and Warner Center. LADOT operates a total of 15 Commuter Express routes throughout the City.

DASH - Community circulator services that operate in Downtown Los Angeles and in 26 other communities throughout the City. The DASH system provides an important transit option for intra-community trips, often in neighborhoods that are transit dependent. DASH also serves as a connector to the regional bus and rail system.

Cityride - The largest voluntary transportation service program for seniors and those who are mobility challenged in the United States. Cityride is a user-side transportation subsidy program allowing clients to choose taxicab, fixed route transit and City-operated dial-a-ride services. LADOT operates the dial-a-ride service under a separate contract.

Charter Bus – Provides recreational and educational bus trips for senior, disabled and youth groups.

The RFP stated that LADOT is seeking a marketing approach that is appropriate for the different transit services LADOT operates and that will enhance the perception of the agency's services. Riders of LADOT transit services represent the strong ethnic diversity of the City of Los Angeles. LADOT has gone to considerable length and expense to build a solid brand image for its services based in part on Ilium's effective marketing services.

DISCUSSION

The Department executed a three-year contract (and two option years) with Ilium, effective July 1, 2006 through June 30, 2009, to perform marketing and advertising services for the City's transit services. Based on the excellent performance by Ilium during the current three year contract term, the Department is recommending that the City extend the contract for a fourth (option) year. The total estimated not-to-exceed budget over the three-year contract term is approximately \$5 million, or \$8.7 million if the two additional one-year options are exercised. The total not-to-exceed contract amount for this fourth year contract extension is \$1.85 million. This estimated contract cost includes printing costs, general transit marketing, and management and staffing of the LADOT Transit Store. Attached is the proposed contract amendment between the City of Los Angeles and Ilium.

Ilium is a minority and woman-owned business enterprise (MBE/WBE) that has served as LADOT's marketing contractor since 1991. During that time, ridership on LADOT's transit services has increased dramatically, from approximately eight million passenger trips in FY 1990-91 to 30 million passenger trips in FY 2007-08 (275 percent increase). The firm has over 30 years' experience in the public transportation industry providing marketing services, and has transportation clients all across the United States including Dallas Area Rapid Transit (DART), City of New York Department of Transportation, Seattle Metro and Santa Monica Big Blue Bus. Ilium is one of the leading firms in the country in terms of the breadth and depth of its transit marketing experience.

Ilium's President and Vice-President serve as project managers for this contract, as they have since Ilium began its first transit-marketing contract with LADOT in 1991. The firm's principals feature two former marketing managers of large public transit agencies. Ilium's project managers, together with their staff, will ensure that all the marketing efforts are appropriate, cost efficient and will provide results. Extraordinary events required that the firm provide exceptional service to the City during the Northridge Earthquake, the Democratic National Convention, two MTA strikes, and the days immediately following September 11, 2001.

Ilium has worked with LADOT to provide a number of significant innovations that have improved service response and cost-effectiveness for our customers, including a user-friendly transit website, a customer-friendly transit store (located in the L.A. Civic Center Mall), a web-based customer service system, on-line LADOT pass and ticket sales, cohesive signage for bus stops and effective ethnic and target marketing. Ilium has nearly doubled the amount of LADOT prepaid transit pass and ticket sales over the past three years due to its outreach efforts. Customer service and satisfaction are a priority and that is achieved through professional customer service staff trained by Ilium. Comments and concerns by transit riders are easily communicated to Ilium's customer service staff or filed online at LADOT's transit website to be

Honorable Antonio R. Villaraigosa,
Transit Marketing Contract CF 06-1330

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December 11, 2008

acted upon by LADOT staff and/or the contractors that operate our transit services.

IMPACT ON THE BUDGET

Funding for the fourth year of the contract is subject to Mayor and Council approval as part of the FY 2009-10 Budget process. Funding for this contract is provided from the City's adopted Proposition A Local Transit Assistance (PALTA) Fund Budget. Therefore, there is no impact to the General Fund.

Attachment

**FIRST AMENDMENT
TO
AGREEMENT BETWEEN
CITY OF LOS ANGELES
AND
ILIUM ASSOCIATES, INCORPORATED
(C-110185)**

This Agreement dated July 1, 2006 (herein referred to as the "Agreement") between the City of Los Angeles acting by and through its Department of Transportation (hereinafter referred to as the "City" and Ilium Associates, Incorporated (hereinafter referred to as the "Contractor") will expire on June 30, 2009. (Contract Number C-110185) The Agreement also allows the City to extend the Agreement for two additional one year periods beginning on July 1, 2009.

Under this Agreement, the City has engaged the services of the Contractor to furnish technical and professional expertise in outreach, marketing and advertising for its Proposition A and C transit and bicycling projects.

The Agreement established a ceiling price of \$5 million over its 3 year term (7/1/06 – 6/30/09) and a ceiling price of \$8.7 million over a 5 year term if the additional 2 one – year extensions are approved.

NOW, therefore, the parties do further agree as to the following:

SECTION II. TERM OF CONTRACT of the Agreement is hereby amended by adding the following:

5. The Agreement shall be extended from July 1, 2009 until June 30, 2010.

SECTION IV. COMPENSATION of the Agreement is hereby amended by adding the following:

5. The Contractor agrees to provide all personnel, facilities, effort, materials and equipment required to complete, to the satisfaction of the City, all the work described in the RFP, Addendums, the Proposal and this Agreement: and the City agrees to pay as full compensation for said service, including all allowable expenses incurred and incident thereto, an amount not to exceed a ceiling price of \$1.85 million for the term July 1, 2009 to June 30, 2010.

IN WITNESS WHEREOF, the City and the Contractor have caused this amendment to be executed by their duly authorized representatives.

Executed for the City of Los Angeles

By: _____ Date: _____

RITA L. ROBINSON, General Manager
Department of Transportation

Executed for Ilium Associates, Incorporated

By: _____ Date: _____

CAROLYN PEREZ ANDERSEN, President

Approved as to form and legality:

ROCKARD J. DELAGADILLO, City Attorney

By: _____ Date: _____

SHELLEY I. SMITH
Assistant City Attorney

Attest:

KAREN E. KALFAYAN, City Clerk

By: _____ Date: _____

Deputy City Clerk

City Council File Number: 06-1330
Said Agreement is Number: 2
Date of City Council Approval: _____