

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

File No. 11-2007

Your

TRANSPORTATION

Committee

reports as follows:

TRANSPORTATION COMMITTEE REPORT relative to Department of Transportation (DOT) contract with Titan Outdoor, LLC, for continued advertising on City transit vehicles.

Recommendation for Council action:

AUTHORIZE the General Manager, DOT, to execute a contract with Titan Outdoor, LLC, for continued advertising on City transit vehicles for a period of five years and for compensation to the City of 55 percent of the net advertising revenue for the five-year period, or \$3,075,000 (whichever is greater).

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Execution of the proposed contract will result in minimum revenue to the City of \$3,075,000, or \$615,000 per year. This amount is based on the City receiving 55 percent of the estimated net revenue realized from public transit vehicle advertising. It is anticipated, however, that actual compensation to the City for the five-year period will be approximately \$4 million, based on current, actual revenue receipts. Revenue generated through this contract is deposited in the City's Proposition A Local Transit Assistance Fund, which supports City transit services.

Community Impact Statement Submitted: No

SUMMARY

In a report to the Mayor dated November 30, 2011 (attached to the Council file), the CAO states that DOT requests authority to execute a contract with Titan Outdoor, LLC, to provide advertising services on City transit vehicles (attached). The proposed contract has no cost for the City. Net revenue from the sale of advertising on City transit vehicles is shared between the contractor and the City, as described above.

The CAO reports that bus advertising provided by this contract includes most forms of traditional advertising on the exterior and interior of the City's DASH, Commuter Express, and Cityride transit fleet. Additional forms of advertising may be considered and is subject to the approval of DOT. Digital exterior advertising is not an approved form of advertising at this time. Also, restrictions are placed on objectionable advertising content, including alcohol, tobacco, political ads, obscenity, and promotion of illegal activities.

According to the CAO, DOT received responses to a Request for Proposals (RFP) issued for transit advertising from two firms: Titan Outdoor, LLC, and Van Wagner Communications, LLC. Although Van Wagner scored higher than Titan in the Compensation Plan category, the firm did not score as high in the Qualifications of the Firm and Qualifications of Proposed Staff/Operating Methodology categories. Van Wagner does not have experience with public transit vehicle advertising. Titan does have experience in public transit vehicle advertising, particularly providing these services successfully for the City through the current contract. The evaluation panel determined that the experience that Titan has with the requested advertising

services will enable greater potential for increased revenue over time. DOT recommended the award of this contract to Titan. The CAO concurs with this recommendation.

At its meeting held December 14, 2011, the Transportation Committee discussed this matter with representatives of DOT and the CAO. The DOT representative stated that although Titan has a higher minimum threshold for initial revenue sharing, the firm's higher revenue sharing percentage will likely generate increased income for the City of Los Angeles, especially if the economy improves. Staff stated that both firm's minimum threshold met, and exceeded RFP requirements. Representatives of Titan were in attendance to discuss this contract with Committee members. The Committee recommended that Council authorize DOT to execute the proposed transit advertising contract with Titan, as recommended by the CAO.

Respectfully submitted,

TRANSPORTATION COMMITTEE

- NOT OFFICIAL UNTIL COUNCIL ACTS -

<u>MEMBER</u>	<u>VOTE</u>
ROSENDAHL:	YES
PARKS:	ABSENT
KORETZ:	YES
PERRY:	ABSENT
HUIZAR:	YES

JAW
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