Agenda – Executive Policy Committee – June 18, 2020

REPORTS

Item No. 3 Report on Advertising Revenue

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That this report be received as information.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 28, 2020, the Executive Policy Committee concurred in the recommendation of the East Kildonan-Transcona Community Committee and directed the Winnipeg Public Service to report back within 60 days on the following:

1. Contracts issued for advertising on public land, including contract length, value return to general revenue and indication if the contract was awarded under competitive bid, for the following:

    A. Transit Benches
    B. Transit Bus Shelters
    C. Digital billboards

Mark Cohoe, Executive Director, Bike Winnipeg, submitted a communication dated April 28, 2020, with respect to the matter.

COMMUNITY COMMITTEE RECOMMENDATION:

On March 10, 2020, the East Kildonan-Transcona Community Committee passed the following motion:

WHEREAS details are sometimes difficult to determine where items are approved and transactions coordinated;

AND WHEREAS zoning sometimes creates unbalanced abilities for unique revenue streams for one business over an opportunity to compete for others;

THEREFORE BE IT RESOLVED that the Executive Policy Committee be requested to direct the Winnipeg Public Service to report back within 60 days on the following:

1. Contracts issued for advertising on public land, including contract length, value return to general revenue and indication if the contract was awarded under competitive bid, for the following:

    A. Transit Benches
    B. Transit Bus Shelters
    C. Digital billboards

ADMINISTRATIVE REPORT

Title: Report on Advertising Revenue

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Calahan	G. Ewankiw	N/A	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

This report provides a summary of multi-year, revenue-generating contracts for transit shelter and bench advertising issued under a competitive bid process.

The bench contract, (1.A.), provides a minimum of $6 million dollars to the City over five years.

The shelter contract, (1.B.), provides a minimum of $1.1 million dollars to the City over five years.

In addition to the revenue amounts, both contracts include supply, cleaning and maintenance at no cost to the City. The ad shelter contractor also pays annual property tax of approximately $20,000 on 150 shelters.

No records of City-owned digital billboards, (1.C.), have been found and no contracts exist to report back on.

RECOMMENDATIONS

1. That this report be received as information.

REASON FOR THE REPORT

On April 28, 2020, the Executive Policy Committee concurred in the recommendation of the East Kildonan Transcona Community Committee and directed the Winnipeg Public Service to report back within 60 days on the following:

1. Contracts issued for advertising on public land, including contract length, value return to general revenue and indication if the contract was awarded under competitive bid, for the following:
   A. Transit Benches
   B. Transit Bus Shelters
   C. Digital billboards

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications with the recommendations of this report as it is to be received as information.

HISTORY/DISCUSSION

On July 10, 2014, the City issued a Request for Proposals (RFP 661 - 2014) for the provision of Transit Advertising Benches including the exclusive right to sell, and maintain advertising on courtesy benches to be supplied and installed by the successful bidder at approximately 1,600 approved bus stop locations throughout the city.

The contract was awarded to Benchmark Advertising Ltd. on October 1, 2014, effective for a period of five (5) years from March 1, 2015 until February 29, 2020, and may be extended, by mutual agreement, for one (1) additional five (5) year period.

On November 12, 2019, the City extended the contract with Benchmark for an additional five years for the period of March 1, 2020 to February 28, 2025. Value of the contract is $6 million dollars OR 50% of gross revenue, whichever amount is higher.

On March 19, 2018, the City issued a Request for Proposals (RFP 130-2018) for the Maintenance of Transit Shelters including Advertising Sales and Service with the exclusive right to sell, and maintain advertising in transit shelters at approximately 150 approved bus stop locations throughout the city. The new contract will be effective for a period of five (5) years from July 1, 2018 to June 30, 2023, with the option of two (2) mutually agreed upon five (5) year extensions.

The contract was awarded to Outfront Media Canada. Value of the contract is $1,100,000, OR 40% of cumulative gross billings, whichever is greater during the five year contract.

Additional value/benefit to the City includes:

The value of the 1,600 benches is approximately $1.4 million. In addition to the annual revenue and initial outlay for the benches, this contract includes supply, cleaning and maintenance.

The value of the 150 shelters is approximately $1.4 million. In addition to the annual revenue and initial outlay for the shelters, this contract includes supply, cleaning and maintenance. The ad shelter contractor is also responsible for paying the applicable property taxes on 150 shelters.

FINANCIAL IMPACT

Financial Impact Statement **Date:** May 21, 2020

Project Name:

Report on Advertising Revenue

COMMENTS:

There is no financial impact from the recommendation in this report as it is for information only.

Original Signed by:
Laurie Fisher, CPA, CA
Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with:

n/a

OURWINNIPEG POLICY ALIGNMENT

01-01b Key Directions for the Entire City – Key directions for connecting and expanding our sustainable transportation and infrastructure network.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan (WCAP) as per Direction 3.1 *Increase Use and Efficiency of Public Transit Systems* (page 37).

SUBMITTED BY

Department: Transit
Division: Communications
Prepared by: Morley Calahan, Promotions and Contracts Supervisor
Date: May 21, 2020