

# Agenda Report

December 13, 2010

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Transportation  
**SUBJECT:** Authorization to Extend the Existing Contract with CBS Outdoor for Bus Shelters

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that an extension of the current contract with CBS Outdoor for bus shelters is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b) (3);
2. Competitive bidding is not required pursuant to City Charter Section 1002 (F) Contracts for Professional or Unique Services. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.
3. Authorize the City Manager to enter into a contract with CBS Outdoor for five years with an estimated annual revenue generation of \$360,000 based on a monthly rate of \$300 per shelter.

## **BACKGROUND:**

The City has contracted with CBS Outdoor to provide bus shelters in the City for the past ten years. The contract requires CBS Outdoor to pay the City \$300 per month for each shelter that is installed up to 100 shelters. CBS Outdoor also provides all the maintenance and upkeep at the shelters including trash removal; in addition the City has the right to use 10 percent of the advertising space for public service announcements. The contract with CBS Outdoor expired in August 2010; however, Department staff has been working with them to extend the contract at the existing terms.

Staff has researched the rates for shelter contracts and determined that the current rate that the City is receiving is very favorable and the City would greatly benefit from continuing the existing contract. Attached is a matrix that shows the contract rates that

other cities in Los Angeles County and Orange County have with both CBS Outdoor and Clear Channel, the company that has most of the contracts in Orange County (see Attachment 1). The City of Los Angeles is not included in this analysis because the contract is large in terms of the service area, the number of shelters; as well as the number of other advertising media such as kiosk and restrooms. This complex arrangement offers opportunities that a simple shelter contract cannot match.

Pasadena's contract with CBS Outdoor calls for a flat monthly guarantee of \$300 per shelter. This formula is currently and has historically (for the past several years) yielded more revenue than a percentage of the monthly revenue generated by the advertisement. For example the City of Irvine has an agreement to either receive \$250 per shelter or 20 percent of the advertising revenue. If they received only the revenue generated by the 20 percent formula they would only be earning \$48 per month per shelter. The City of Anaheim has a percentage formula where they receive 15 percent of the gross revenue. In years past, this has generated between \$60,000 to \$75,000 annually; or a monthly per shelter rate of \$42 to \$52. They are currently receiving only \$35 per shelter per month. At \$300 per shelter per month, Pasadena has one of the highest per shelter revenue contracts in the region. This revenue is used to help fund the Pasadena Area Rapid Transit System (ARTS). The proposed contract extension includes CBS Outdoor repainting all of the shelters at an estimated value of \$75,000.

#### **COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the following goal of the Strategic Plan: Maintain Fiscal Responsibility and Stability – the proposed contract extension will enable the City to receive revenue for the Pasadena ARTS.

#### **ENVIRONMENTAL ANALYSIS:**

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed project is the continuation of an existing contract for bus shelters and will not result in a significant effect on the environment.

**FISCAL IMPACT:**

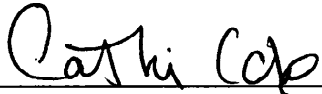
The Pasadena ARTS program is funded through Proposition C Sales Tax, Fund 209. The program's Fiscal Year 2011 budget includes the \$360,000 in anticipated revenue (Fund 209, Revenue Account 7020) that this contract will generate.

Respectfully submitted,



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FREDERICK C. DOCK  
Director  
Department of Transportation

Prepared by:



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Cathi Cole, Transit Manager

Approved by:



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MICHAEL J. BECK  
City Manager

Attachment:

Attachment 1 – Bus Shelter Matrix

# ATTACHMENT 1

## BUS SHELTER MATRIX

AGENCY	VENDOR	NUMBER OF SHELTERS	MONTHLY PAYMENT
Alhambra	CBS Outdoor	30 Shelters	\$75 guarantee
Anaheim (Footnote 1)	Clear Channel	120 Shelters	15% of gross ad revenue
Bell Gardens	CBS Outdoor	8 Shelters	\$130 guarantee
Burbank	CBS Outdoor	86 Shelters	20% net revenue against \$120 guarantee
Costa Mesa	Clear Channel		\$94/month or 25% of gross revenue
County of Orange	Several Contractors		Approx. \$90/month
El Segundo	CBS Outdoor	33 Shelters	22.5% net revenue no guarantee
Fullerton	Clear Channel	42 Shelters	\$100/month
Glendale	CBS Decaux	67 Shelters	13% net revenue against \$73 guarantee
Inglewood	CBS Outdoor	60 Shelters	11% net revenue against \$108 guarantee
Irvine (Footnote 2)	Clear Channel	95 Shelters	\$250/month or 20% gross revenue
Laguna Niguel	Clear Channel	40 Shelters	\$193/month
Long Beach	CBS Outdoor	180 Shelters	20% net revenue against \$140 guarantee
Mission Viejo	Clear Channel		\$160/month or 18% of gross revenue
Newport Beach	Clear Channel	27 Shelters	\$185/month
Palm Springs	Gateway Outdoor Advertising	134 Shelters	\$155/month
<b>Pasadena</b>	<b>CBS Outdoor</b>	<b>100 Shelters</b>	<b>\$300 guarantee</b>
Riverside Transit	CBS Outdoor	18 Shelters	11% net revenue against \$64 guarantee
Santa Monica College	CBS Outdoor	4 Shelters	\$185 guarantee
South Gate	CBS Outdoor	20 Shelters	15% net revenue against \$85 guarantee
Temple City	CBS Outdoor	20 Shelters	15% net revenue against \$125 guarantee
Torrance	CBS Outdoor	72 Shelters	\$140 guarantee
Tustin	Clear Channel		\$125/month plus 1% of revenue

**Footnote 1:** The City of Anaheim was earning \$60,000 to \$75,000 annually; however, the current amount is \$50,000. At \$50,000 annually, this equates to approximately \$35 per shelter per month.

**Footnote 2:** The City of Irvine is currently earning revenue from their guarantee of \$250 per shelter per month. If they went by the 20% of gross they would only be generating \$48 per shelter per month.

**Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment  
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

*(If printing, please print legibly. Use additional sheets as necessary.)*

**1. Contractor/Organization Name:**  
CBS Outdoor Group Inc.

**2. Type of Entity:**  
 non-government     nonprofit 501(c)(3), (4), or (6)

**3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:**

Wally C. Kelly	Director/President/CEO
Louis Briskman	Director/EVP/Secretary
Raymond Nowak	EVP/CFO/CAO
Richard Sauer	EVP/General Counsel
Theodore Siry	EVP/Controller
Kenneth Hill	SVP/Treasurer
David Posy	SVP/Assistant Secretary

**4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:**

CBS Outdoor Radio Media Corp.

Prepared by: David A. Posy  
Title: SVP/Assistant Secretary

Phone: 212-297-6508

Date: 12/09/10