



August 17, 2015

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TO: Honorable Mayor and City Council

FROM: Department of Transportation

**SUBJECT: AUTHORIZATION TO EXTEND THE EXISTING CONTRACT WITH
OUTFRONT DECAUX STREET FURNITURE, LLC (FORMERLY CBS
OUTDOOR) FOR BUS SHELTERS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the an extension of the current contract with Outfront Decaux Street Furniture, LLC (formerly CBS Outdoor) for bus shelters is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 Existing Facilities;
2. Grant the proposed amendment an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, pursuant to Pasadena Municipal Code Section 4.08.049(8), contracts for which the City's best interests are served.
3. Authorize the City Manager to enter into an extension of the current contract with Outfront Decaux Street Furniture, LLC (formerly CBS Outdoor) for five years for an estimated annual revenue generation of \$360,000 based on a monthly rate of \$300 per shelter.

BACKGROUND:

The City has had a contract with Outfront Decaux Street Furniture, LLC (formerly CBS Outdoor) to provide bus shelters in the City for the past fifteen years. The contract requires Outfront Decaux Street Furniture, LLC to pay the City \$300 per month for each shelter that is installed up to 100 shelters. Outfront Decaux Street Furniture, LLC also provides all the maintenance and upkeep at the shelters including trash removal; in addition, the City has the right to use ten percent of the advertising space for public service announcements. The equivalent value of the public service announcement advertising space that is actively used by several departments is between \$108,000 and \$120,000 per year.

The contract with Outfront Decaux Street Furniture, LLC expires on August 31st; however, Department staff has been working with the company on a proposed extension of 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. The guaranteed rate that Pasadena receives is higher than its peer agencies and provides steady revenue for transit services (i.e., over 9% of the cost to operate fixed-route services). The table below shows contract rates for several other peer cities.

AGENCY	COMPANY	NO. SHELTERS	MONTHLY REVENUE
Pasadena	Outfront Decaux	100	\$300 guarantee
Alhambra	Outfront Decaux	28	\$75 guarantee
Burbank	Outfront Decaux (86); Clear Channel (57)	143	\$200 guarantee against 20% net revenue
Costa Mesa	Clear Channel	70	\$90 guarantee against 30% net revenue
Glendale	Outfront Decaux	70	\$80 guarantee against 13% net revenue
Inglewood	Outfront Decaux	54	\$118 guarantee against 11% net revenue
Long Beach	Outfront Decaux	170	\$140 guarantee against 20% net revenue
Temple City	Outfront Decaux	20	\$140 guarantee against 15% net revenue
Torrance	Outfront Decaux	69	\$140 guarantee against 20% net revenue
Tustin	Clear Channel	44	\$125 guarantee plus 1% revenue

Pasadena's contract with Outfront Decaux Street Furniture, LLC calls for a flat monthly guarantee of \$300 per shelter which yields \$360,000 in annual revenues. 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 comparison, under the terms of Burbank's agreement (the best of the comparison cities), the City would receive between \$240,000 (guaranteed rate) and \$300,000 (20% of the net advertising revenue per month per shelter). 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 Transit system (ARTS).

The proposed amendment would allow the City to defer a significant potential capital investment of bus shelter replacement costs. Other financial benefits to the City include what would otherwise be the cost to maintain the shelter locations that are serviced multiple times on a weekly basis, as well as the annual cost to remove, store, and reinstall the twenty-five shelter locations along the Rose Parade route.

Department staff is seeking grant opportunities for the purchase and installation of shelter facilities that could be owned by the City, with the advertising and maintenance contracted out.

COUNCIL POLICY CONSIDERATION:

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

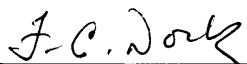
ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15301, Existing Facilities. The proposed project is the continuation of an existing contract to allow the installation of bus shelters at existing bus stops. No new bus stops are proposed under this action and there will be no change in use as a result of bus shelters being installed at existing bus stops.

FISCAL IMPACT:

The fiscal impact of extending the existing contract with Outfront Decaux Street Furniture, LLC will generate approximately \$360,000 in annual revenues for the Pasadena Transit system (ARTS). Annual revenues received from this contract will be budgeted and recognized in account 20924043-702000, Proposition C Local Transit Fund ARTS Circulator.

Respectfully submitted,



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