

2

YORK REGION TRANSIT BENCH ADVERTISING CONTRACTS

The Transit Committee recommends the adoption of the recommendations contained in the following report, December 10, 2003, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize the extension of the bench advertising contracts with Creative Outdoor Advertising, for the Richmond Hill and Vaughan areas, to May 31, 2005 as outlined in this report.
2. Regional Council authorize entering into bench advertising contracts for the Georgina and East Gwillimbury areas with the Centre Outdoor Group for a term expiring May 31, 2005 as outlined in this report.
3. The Regional Solicitor be authorized to prepare the necessary agreements.
4. The Regional Chair and Clerk be authorized to execute the agreements on behalf of the Region.

2. PURPOSE

The purpose of this report is to inform Transit Committee and Regional Council of the status of the bench advertising contracts for the Richmond Hill and Vaughan areas, and to seek approval to extend the current contracts with Creative Outdoor Advertising (COA). Further, permission is being sought to enter into bench advertising contracts on the same terms as the current contracts between the Town of Georgina, the Town of East Gwillimbury and the Centre Outdoor Group. All contracts would expire then on May 31, 2005, to coincide with the term of the other bench advertising agreement with Creative Outdoor Advertising for the Newmarket area.

3. BACKGROUND

Prior to the amalgamation of transit services in York Region in 2001, the municipal transit systems in Richmond Hill, Vaughan and Newmarket had individual bench advertising contracts with COA. The Region assumed all of these contracts at the time of amalgamation. The expiry dates for the contracts varied, with the Newmarket area contract expiring on May 31, 2005. The Richmond Hill area contract expired on July 31, 2003 and the Vaughan area contract will expire on October 31, 2004. Until such time as the contracts can be consolidated into one, extensions of the existing contracts in the

Richmond Hill and Vaughan areas are being suggested. Their new termination date would be May 31, 2005 to coincide with the Newmarket contract.

Two further bench advertising agreements are in force between the Towns of Georgina and East Gwillimbury and the Centre Outdoor Group (COG). At the time of amalgamation, The Region sought to assume these agreements. Since no Regional transit services were operating at the time in those municipalities, both municipalities advised that they wished to continue to administer the agreements until their terms expired. The Region is a party to these agreements in order to enforce certain conditions on Regional roads, but does not receive any revenue. The Georgina contract expired on December 31, 2003 and the East Gwillimbury contract will expire on February 19, 2004.

4. ANALYSIS AND OPTIONS

4.1 Richmond Hill and Vaughan Bench Advertising Contracts

Given the expiration date of the Richmond Hill area contract (July 31, 2003), a letter was issued by the Region to COA to temporarily extend the contract on a month-to-month basis in accordance with the original terms. COA has honoured and accepted these terms until further direction is provided by the Region.

The Vaughan contract with COA will expire on October 31, 2004. Even though the Vaughan contract has not yet reached the expiry date, it is felt that both contracts extensions should be addressed concurrently given that they are held by the same firm.

The current three contracts between the Region and COA (Richmond Hill, Vaughan and Newmarket areas) generate to approximately \$14,400 (\$4,800 each) in revenue on an annual basis. The Region receives a fixed amount of revenue based on the number of benches available for advertising. The Region's revenue is not dependent on the amount of sales generated. If the contracts are extended, revenues received would remain unchanged during the term of the extension. It is felt that undertaking a competitive bid process at this time could potentially result in lower revenues given the limited term (one year or less) for any new contracts.

In order to consolidate all of the COA contracts and have them expire on May 31, 2005 to coincide with the final contract in Newmarket, it is recommended that both the Richmond Hill and Vaughan bench contracts be extended at this time.

4.2 Georgina and East Gwillimbury Bench Advertising Contracts

The Georgina and East Gwillimbury bench advertising contracts expire on December 31, 2003 and February 19, 2004, respectively. Regional staff met with representatives from each of the municipalities in November 2003 to discuss the assumption of the contracts. The outcome of the meetings was that both municipalities no longer wish to continue the contracts with the Centre Outdoor Group and are willing to have York Region enter into contracts directly with COG. The current contracts provide approximately \$2,000 in annual revenue in Georgina and \$1,700 in East Gwillimbury.

YRT staff have met with the Centre Outdoor Group to discuss the opportunity to assume both the Town of Georgina and the Town of East Gwillimbury bench advertising contracts on the current terms and conditions. The COG group has proposed an increase in revenue of 5% for each contract.

4.3 Future Bench Advertising

As the bench contracts near expiry in May 2005, it is the intention of YRT staff to review the continuation of bench advertising at bus stops in York Region. Consideration will be given to the potential to increase the revenue possibilities and expand the market to include other areas throughout the Region. Further opportunities for an enhanced and more modern bench product as a part of the requirements to improve streetscape furniture for York Region, will be investigated.

Staff will report their findings to Transit Committee and Council at that time for further direction on the future of bench advertising.

5. FINANCIAL IMPLICATIONS

The subject contracts generate revenue of approximately \$14,400 annually (\$4,800 each) for the three bench contracts with COA and \$3,700 for the COG contracts. Under the terms of the contract extensions, a total of \$18,287 would be generated annually. There are no associated expenditures associated with the bench contracts and therefore there is no need to await approval of the 2004 Business Plan and Budget.

6. LOCAL MUNICIPAL IMPACT

The local municipalities (Georgina and East Gwillimbury) would no longer be required to administer the bench advertising contracts. An enhanced streetscape is expected to be realized at the time of the consolidation of the contracts in 2005 with the introduction of a new bench product. The design will also be consistent across the Region.

7. CONCLUSION

York Region Transit staff recommend extensions to the contracts with COA for bench advertising in the Richmond Hill and Vaughan areas, and that short term contracts be entered into with COG for the Georgina and East Gwillimbury areas. This will allow for the continuation of the current revenue stream until such time as staff can report back to Transit Committee and Council on the future opportunities for bench advertising in York Region.

The Senior Management Group has reviewed this report.