

Date: 2020-11-06

Subject: **Request to Begin Procurement for Advertising Rights on Brampton Transit's Bus Fleet**

Secondary Title: Advertising Rights on Brampton Transit's Bus Fleet for a Five (5) Year Period

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Report Number: Brampton Transit-2020-397

Recommendations:

1. That the report titled; **Request to Begin Procurement for Advertising Rights on Brampton Transit's Bus Fleet**, (CG.x 2020), to the Council meeting of November 25, 2020, be received;
2. That the Purchasing Agent be authorized to begin procurement for Advertising Rights on Brampton Transit's Bus Fleet and;
3. That the General Manager, Transit or designate, be delegated authority to act as the Authorized Representative of the City and to execute on behalf of the City any agreements, or other documentation as may be required to execute the contract noted in recommendation two (2) of this report, under key business terms and conditions acceptable to the General Manager, Transit or designate and in a form acceptable to the City Solicitor or designate.

Overview:

- **This report seeks to obtain Council approval to begin procurement for Advertising Rights on Brampton Transit Buses for a Five (5) Year Period.**
- **Advertising Rights on Brampton Transit buses will be in exchange for revenue sharing opportunities, including minimum annual guaranteed revenues and excess revenue-sharing provisions as defined in the resulting contract.**

Background:

Transit advertising revenues are generated through third party contracts for advertisements placed on the exterior and interior of buses, bus benches and transit shelters throughout the Brampton Transit network.

The City of Brampton is guided by the general principles set out in the Canadian Code of Advertising Standards in determining the acceptance of advertising. All vendors contracted by the City to provide advertising services, must adhere to the City of Brampton's Advertising on City Property Policy and all amendments made to this Policy.

Current Situation:

A bus advertising vendor with the City would be responsible for all costs related to fabrication, installation, maintenance and removal of the advertising, as well as all costs incurred in marketing and administration of the advertising rights on Brampton Transit buses. This includes interior and exterior advertising on the conventional (non-Züm) buses, and interior only advertising on the Züm fleet.

With other transit advertising revenue contracts expiring on May 31, 2026, Transit staff are seeking a new bus advertising contract that aligns with the above date.

It is common within the transit industry to engage in longer-standing partnerships. This is strategic in that longer contracts typically attract a larger number of competitive bids, as contract longevity helps offset any upfront investments required by the vendor. Any vendor synergies leveraged by a lengthy contract, may lead to a more attractive financial proposal for the City. This approach is also consistent with other municipalities and transit agencies that generate transit advertising revenues. Longer terms also provide opportunities for vendors to negotiate longer, more stable contracts with their larger clients, which may benefit the City.

With a current fleet of 327 conventional buses and 133 Züm buses¹, covering all areas of the City, these ads provide substantial ad space and revenue potential. Based on the forecasted quantities of bus purchases over the next several years (replacement and growth), Brampton Transit will be seeing year-over-year increases in fleet numbers, yielding additional ad space. While exterior ads are currently limited to conventional buses due the unique branding elements on Züm buses, staff are exploring the possibility of placing exterior ads on the rear of Züm buses, to maximize revenue potential through the future contract.

Under the previous contract, all marketing was facilitated by conventional static ads placed on the interior and exterior surfaces of the bus. Subject to Council approval to begin procurement, staff may encourage prospective suppliers to incorporate any alternate or innovative advertising mediums into their proposals, which may offer incremental benefits to the City and/or our customers, to be included in their proposals

¹ Quantity reflective of Brampton Transit's Conventional Bus Fleet as at the end of 2019.

as supplementary options. Subject to the outcome of the procurement, Brampton Transit may then have the ability to phase in new advertising technologies (i.e. electronic/digital ads) into the contract scope, as they become available or become a new standard in Transit advertising. This will provide future opportunities to take advantage of new technology that may become available through the Smart City digital ecosystem.

Corporate Implications:

Having a new bus advertising contract in place will ensure Brampton Transit continues to have a dedicated revenue stream to help offset a portion of operating costs.

Furthermore, by displaying a wide range of local businesses' ads to the citizens of Brampton, the City will help promote economic growth and stability in our community, as we enter 2021.

Lastly, staff from Transit and Corporate Projects, Policy and Liaison have been working closely together on the strategy for all transit advertising opportunities, including bus advertising. Continuing the third-party sales model for bus advertising is aligned with the City's overall advertising and sponsorship programs. Given the unique market that transit advertising entails, it is agreed by staff that transit advertising, including bus advertising, is best approached in the manner recommended in this report.

Purchasing Comments:

A public Procurement Process will be conducted and submissions shall be evaluated in accordance with the published evaluation process within the procurement document.

Purchase approval will be obtained in accordance with the City's Purchasing By-law. All communication with Bidders involved in the procurement will occur formally through the contact person identified in the procurement document.

Financial Implications:

Future estimates of revenue will be based on the existing number of advertisements City-wide, revenues accrued to date through the previous contract and the estimated annual inflation rates throughout the future contract term.

Funds received will be recognized as a source of transit revenues. Transit staff will ensure future budgets are reflective, subject to Council approval.

Term of Council Priorities:

By requesting Council approval of continued advertisements of local services, programs and job investment strategies in our community, this report is aligned with the Council established priority that Brampton is a City of opportunities.

Living the Mosaic – 2040 Vision

This report directly aligns with the vision that Brampton will be a mosaic of vibrant centres with quality jobs, a rich range of activities and integrated living. The City will provide effective stewardship of municipal assets and services.

Conclusion:

In conclusion, this report recommends that the Purchasing Agent be authorized to begin procurement for Advertising Rights on Brampton Transit's Bus Fleet.

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