




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	October 19, 2020
SUBJECT/REPORT NO:	Transit Passenger Shelter Advertising Agreement (PW15071(d)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tanya Detmar (905) 546-2424 Ext. 1855
SUBMITTED BY:	Debbie Dalle Vedove Director, Transit Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the extension of the Hamilton Street Railway (HSR) Transit Passenger Shelter Agreement to December 31, 2022 be approved; and,
- (b) That the General Manager of Public Works be authorized and directed to negotiate and execute an amendment to the Agreement and any ancillary documents required to give effect thereto with Outfront Media in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The purpose of this report is to obtain Council Approval to negotiate with a single source, Outfront Media, for a contract extension for advertising rights on transit shelters including the provision of cleaning and maintenance services, in accordance with Procurement Policy #11 Non-Competitive Procurements. The current contract between the City of Hamilton and Outfront Media for advertising rights on transit shelters will expire on December 31, 2020.

Alternatives for Consideration – See Page 3

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The 2010 Transit Shelter Amending Agreement provides 25% of net revenue to be paid monthly. The revenue generated for the City during the term(s) of this contract is shown below. Staff expects a similar revenue approach will be maintained during the two-year extension.

2011	\$183,359
2012	\$186,726
2013	\$159,633
2014	\$186,116
2015	\$171,993
2016	\$176,268
2017	\$202,106
2018	\$218,111
2019	\$177,950
2020	\$78,770 (to July 31)

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

In January 2020, Council approved Recommendation Report (PW15071(c)) to extend the Transit Shelter Advertising Agreement to December 31, 2020. The extension would allow staff additional time to prepare a Request for Proposal (RFP) that would capitalize on potential benefits of a new advertising and maintenance model for transit shelters that included social procurement.

In June 2020, an RFP for Transit Shelter Advertising and Maintenance was finalized and ready to be released to the market. However, an industry scan has indicated that due to the impacts of COVID-19, releasing the RFP at this time may result in the City receiving no bids or bids that are very conservative given the unknown economic recovery.

In this regard, both Transit and Procurement assessment is that it would be prudent to maintain the existing Agreement with the current vendor until market conditions are favourable to releasing a new RFP.

A two-year extension will ensure the shelter inventory remains in a state of good repair as well as maintain some degree of revenue generation while providing extended time for economic recovery. Given the impact COVID-19 has had on local and global economies, it is anticipated a longer recovery period may be needed to stabilize markets for certain goods and services.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

By-Law 17-064 Procurement Policy - Section 4.11 Non-Competitive Procurements, subsection(c) *“where a City Contract has expired or will shortly expire, and unforeseeable circumstances have caused a delay in issuing a new RFT or RFP so that a contract extension is required.”*

RELEVANT CONSULTATION

The following City Departments/Divisions have been consulted on the Transit Passenger Shelter Agreement extension and agree with the recommendation:

- Corporate Services Department: Procurement Section

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Outfront Media has conducted business with the City in a mutually co-operative and professional manner since 2002. They have honoured their contractual obligations in terms of providing the City with annual revenue and maintenance and cleaning of transit shelters.

Due to the uncertainties surrounding COVID-19, proceeding with a new RFP in 2020 may result in the City receiving no bids or bids that are very conservative given the unknown economic recovery.

A two-year extension will ensure the shelter inventory remains in a state of good repair as well as maintain some degree of revenue generation while providing extended time for economic recovery.

ALTERNATIVES FOR CONSIDERATION

An alternative to the recommendation in this report is for the City to issue the RFP to an uncertain market and be contractually bound by the results. Given the lack of economic confidence, Proponents may submit proposals that are conservative in terms of financial compensation and/or shelter cleaning and maintenance programs.

Another alternative would be to extend the current contract for one year to expire on December 31, 2021. A one-year extension would ensure the shelter inventory remains in a state of good repair as well as maintain some degree of revenue generation but only provides one year for economic recovery. Given the economic impact of COVID-19, it is unlikely one year will be sufficient in terms of vendor confidence and the contract will likely require another extension.

Another alternative would be for the City to let the current contract expire and assume day to day cleaning and maintenance responsibilities related to approximately 700 transit shelters.

This would also result in new costs to the City for maintenance (i.e. – broken glass) and the bi-weekly cleaning of transit shelters. These costs are currently borne by the Advertising vendor under the existing Agreement. Estimated annual maintenance and cleaning costs could exceed \$600,000 and require two additional FTE.

The lag time to hire, train and equip maintenance staff may be challenging during COVID-19 and could result in unsafe and unsanitary conditions at shelters due to the potential exposure to broken glass and lack of regular cleaning.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

N/A