

EXECUTIVE SUMMARY



To: Jim Scholl, City Manager

From: Norman Whitaker, Director / KWDoT

Date: October 3, 2014

Subject: Approving Fifth Amendment to Agreement
City of Key West and Anderson Outdoor Advertising, Inc.

Action Statement:

The City of Key West, Transit Department requests approval of a Fifth Amendment to the existing agreement with Anderson Outdoor Advertising, Inc., for purposes of modifying certain terms and conditions in said agreement.

Project History:

The City and Anderson Outdoor Advertising first entered into an Advertising Agreement on December 27, 1995 to add bus shelters on the City's fixed route bus transit service. Between 1999 and 2011, the agreement has been amended four (4) times, with the fourth amendment adding bus benches at mutually agreed locations which are required to be compliant with all State, Local, and Federal regulations, including those related to safety, set back, and ADA. Anderson Outdoor Advertising shall be responsible for all cost associated with permitting and construction of bus shelters.

The Department is continuing to improve and provide customer amenities which will also assist with increasing transit revenue opportunities with the addition of customer bus benches and shelters, to be complimented with trash receptacles and recycling receptacles; and placed in mutually agreed upon locations within the City and Lower Keys bus service areas.

John Anderson, owner of Anderson Outdoor Advertising agreed to pay the City 25% of gross revenues quarterly. Last fiscal period Anderson paid the City more than \$80,000, in revenues earned by bus shelter advertising.

Purpose & Justification:

Amendment Five (5) will permit Anderson Outdoor Advertising to erect 24 bus shelters, all of which are to be coupled with benches, trash receptacles and recycling receptacles, to be located in the City's bus service area of Key West and Stock Island, along with 33 bus shelters, all of which are coupled with benches, trash receptacles and recycling receptacles, to be located in the area of the City's Lower Keys shuttle service area. In addition, Anderson shall be permitted to erect up to a total of 12 new shelters, all of which shall be coupled with benches, trash receptacles and recycling receptacles. The shelters shall be erected at locations mutually agreed upon by the parties within the area encompassed by the City's bus service area of Key West and Stock Island, and the area of the City's Lower Keys shuttle service area. The locations must be compliant with all State, Local, and Federal regulations, including those related to safety, set back, and ADA. Anderson Outdoor Advertising shall be responsible for all cost associated with permitting and construction of bus shelters.

Specifically, the total number of additional bus shelters shall not exceed 12, wherever located. The bench associated with each shelter shall include either a two or three seat bench with a metal divider arm rest which shall prevent persons from lying down or sleeping.

Anderson shall be permitted to erect a total of 20 advertising benches which are not coupled with shelters, to be located in the City's bus service area of Key West and Stock Island and the area of the City's Lower Keys shuttle service area. The advertising benches shall be erected at locations mutually agreed upon by the parties. The locations must be compliant with all State, Local, and Federal regulations, including those related to safety, set back, and ADA. Anderson Outdoor Advertising shall be responsible for all cost associated with permitting and construction of bus shelters. Specifically, the total number of advertising benches shall not exceed 20, wherever located.

ANDERSON proposes to increase the gross advertising revenue from 25% to 30% quarterly, for all shelters and advertising benches, as each unit is added to the passenger system amenities inventory list with the CITY.

Fiscal Impact:

Potential revenues that may be generated to assist with offset of expenses to operate public transit services are likely to be netted as a result of increased advertising sales overall.

The City will be provided improved customer amenities for all transit users which may result in added passenger trips per year, at no added cost to the City.

Recommendation:

Key West Transit staff recommends the City Commission approve the Fifth Amendment to agreement with Anderson Outdoor Advertising, Inc., to allow the opportunity to improve customer amenities at no cost to the City, while also improving revenue opportunities as the gross sales revenue share currently in place with this Agreement, at the rate of 30%. At a time when expenses seem to continue to increase, those added revenues will assist the City with offset of all operating expenses for the public transit system.