

EXECUTIVE SUMMARY



To: Jim Scholl, City Manager

cc: James Fitton, Port and Transit Director

From: Myra Wittenberg, Manager / KWDoT

Date: May 10, 2011

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

Action Statement:

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

Project History:

The Department is in the process of improving 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 can receptacles; and placed in mutually agreed upon locations within the City and Lower Keys bus service areas.

Anderson recently added twenty-five (25) trash receptacles to existing shelter locations in Key West and the Lower Keys area. Anderson further agrees to add an additional twenty (20) benches and shelters with trash receptacles in agreed upon locations.

Options / Advantages / Disadvantages:

Option one (1) would be that the City **approve** this fourth amendment to allow the opportunity to improve customer amenities at no cost to the City, while also improving revenue opportunities as to the gross sales revenue share currently in place with this Agreement, at the rate of 25%.

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. Last fiscal period Anderson paid the City more than \$75,000, in revenues earned by bus shelter advertising.

The City and Anderson have developed bi-annual field and inspection procedures which are mutually agreed upon, and shall continue to be recognized as part of this amendment to said agreement. Anderson also agrees to install recycle cans at all bus shelter locations.

KWDoT has not encountered any disadvantages to the agreement nor do we anticipate any in the future.

Option two (2) would be that the City **NOT** approve the fourth amendment to agreement.

There are no advantages to Option 2.

The disadvantage to this will be that the City will lose funding and shelters and benches will not be serviced and / or maintained.

Fiscal Impact / Budget:

Under **Option one (1)** above - 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.

For discussion purposes, we will use 20 shelters as our number of increased units; multiply each by an average annual sale of \$2,000.00 per shelter, which we believe is a conservative estimate. We then take the increased gross revenue sales of some \$40,000.00, paid back to the City at the agreed upon rate of 25%, netting an additional \$10,000.00, annually, for years one to three, after which we believe the revenues will begin to increase even further.

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.

Option two (2) does not present any improved revenue opportunities.

Recommendation:

Staff recommends the City Commission approve the fourth amendment to agreement with Anderson Outdoor Advertising, Inc.

/mhw