

RESOLUTION NO. 2023-95

AUTHORIZING CONTRACT NO. 2023-115 WITH HFT MANAGEMENT, INC., DBA GATEWAY OUTDOOR ADVERTISING, TO PROVIDE TRANSIT AND SHELTER ADVERTISING SALES FOR A PERIOD OF FIVE YEARS WITH TWO, ONE-YEAR OPTIONS (REVENUE-GENERATING, AMOUNT VARIABLE BASED UPON NET SALES)

WHEREAS, the Greater Cleveland Regional Transit Authority ("Authority") permits the sale of advertising space on certain specified transit vehicles, shelters, and property; and

WHEREAS, the Authority desires to maximize the revenue generating opportunities at its disposal by the sale of transit-related advertising media; and

WHEREAS, transit and shelter advertising sales are available from HFT Management, Inc., dba Gateway Outdoor Advertising, headquartered in New Jersey; and

WHEREAS, the General Manager, Chief Executive Officer deems the offer of HFT Management, Inc., dba Gateway Outdoor Advertising, as negotiated, to be in the best interest of the Authority and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the offer of HFT Management, Inc., dba Gateway Outdoor Advertising, to provide transit and shelter advertising sales for a period of five years with two, one-year options be and the same is hereby accepted.

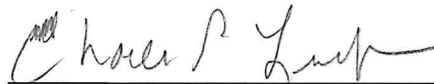
Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a revenue-generating contract with HFT Management, Inc., dba Gateway Outdoor Advertising, to provide transit and shelter advertising sales for a period of five years and is authorized to exercise two, one-year options.

Section 3. The Authority will be paid the MAG annually. The exact revenue amount is directly dependent upon the amount of advertising sales revenue generated. Funds will be deposited into the General Fund.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: December 19, 2023



President

Attest:



Secretary/Treasurer



TITLE/DESCRIPTION: CONTRACT: TRANSIT AND SHELTER ADVERTISING SALES FOR A PERIOD OF FIVE YEARS, WITH TWO, ONE-YEAR OPTIONS VENDOR: HFT MANAGEMENT, INC., DBA GATEWAY OUTDOOR ADVERTISING AMOUNT: MINIMUM ANNUAL GUARANTEE BUT ACTUAL REVENUE IS VARIABLE, DEPENDING ON ACTUAL SALES	Resolution No.: 2023-95
	Date: December 14, 2023
	Initiator: Administration & External Affairs Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Greater Cleveland Regional Transit Authority (“Authority”) to enter into a revenue-generating contract for transit and shelter advertising sales for a period of five years with two, one-year options for renewal.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority desires to maximize revenue-generating opportunities by combining two existing revenue-generating programs that are both established and beneficial to the Authority: transit and shelter advertising sales. Proposals were sought from qualified advertising firms with experience in transit advertising markets. The selected firm will generate revenue for the Authority from the sale of transit and shelter advertising media. The selected vendor will also service and maintain the transit and shelter advertising space.
- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals (“RFP”) was posted on the Authority’s Procurement website and advertised in local newspapers. Fourteen interested parties downloaded the solicitation, and three proposals were received on October 6, 2023. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, the proposal of HFT Management, Inc., dba Gateway Outdoor Advertising, to provide transit and shelter advertising sales, was determined to be the most advantageous to the Authority, guaranteed revenue and all other factors considered. HFT Management, Inc., dba Gateway Outdoor Advertising, will pay a minimum annual guarantee (“MAG”) to the Authority for each contract year, as shown below, and a 65% revenue share for any revenue exceeding the MAG.

Contract Year	MAG
2024	\$ 1,200,000
2025	\$ 1,400,000
2026	\$ 1,600,000
2027	\$ 1,700,000
2028	\$ 1,800,000
2029	\$ 1,900,000
2030	\$ 2,000,000
Total MAG	\$ 11,600,000

A revenue analysis has been performed, and the Procurement Department has determined the MAG and revenue sharing proposal to be fair and reasonable to the Authority.

- 4.0 AFFIRMATIVE ACTION/ DBE BACKGROUND: The Office of Business Development does not conduct Affirmative Action reviews or establish DBE goals on revenue generated agreements.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: The Authority will be paid the MAG annually. The exact revenue amount is directly dependent upon the amount of advertising sales revenue generated. Funds will be deposited into the General Fund.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would deny the Authority the economic benefits of transit and shelter advertising revenue.
- 8.0 RECOMMENDATION: This procurement was discussed by the Board of Trustees at the December 5, 2023 Organizational, Services & Performance Monitoring Committee meeting. It is recommended that the offer of HFT Management, Inc., dba Gateway Outdoor Advertising, be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to enter into a contract.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

Najan D. Jantam, Per Delegation
General Manager, Chief Executive Officer