



CITY COUNCIL AGENDA REPORT

City of Anaheim CONVENTION, SPORTS & ENTERTAINMENT DEPARTMENT

DATE: MARCH 21, 2017
FROM: CONVENTION, SPORTS & ENTERTAINMENT
SUBJECT: AGREEMENT BETWEEN ANAHEIM ARENA MANAGEMENT, INC AND THE CITY OF ANAHEIM FOR THE SALE OF ADVERTISING ON THE OUTDOOR VIDEO DISPLAY MONUMENT SIGNS AT THE ANAHEIM REGIONAL TRANSPORTATION INTERMODAL CENTER

ATTACHMENT (Y/N): YES ITEM # 17

RECOMMENDATION:

That the City Council, by Motion:

1. Approve an Agreement between Anaheim Arena Management, Inc. (AAM) and the City of Anaheim (City) providing AAM the exclusive right to sell advertising opportunities on the Outdoor Video Display Monument Signs (Signs) at the Anaheim Regional Transportation Intermodal Center (ARTIC) for a one one-year term, which at the City's sole option may be extended for up to four additional one-year terms; which will result in guaranteed revenue to the City of no less than \$80,000 per year; 25% of all Gross Revenues in excess of \$120,000; and a minimum of ten percent of all available advertising time for the purpose of displaying advertising for City approved events; and
2. Authorize the Executive Director of Convention, Sports Entertainment, on behalf of City, to execute the Agreement and any other related documents or agreements, and to take any and all actions as are necessary to implement and administer the Agreement.

DISCUSSION:

In December 2014, the ARTIC facility, located in the Platinum Triangle and within walking distance of Angels Stadium, Honda Center, and the City National Grove of Anaheim, opened to the public. Located on the ARTIC site are two Signs; one is a two-sided Sign located on Katella Avenue and the other is a one-sided Sign on Douglass Road. The Signs have 10.2' wide x 18.5' high digital screens, which are programmable to display images and text with minimum 8-second rotations for each item that is to be shown. It is the City's intent to obtain a provider to sell commercial advertising on the Signs as approved in the ARTIC Coordinated Sign Program and utilize the revenue that is generated to offset ARTIC's operating expenses.

In May 2016, Staff solicited bids from 259 known providers through the City's bid portal for the exclusive right to sell advertising opportunities on the Signs with a minimum guaranteed revenue amount to the City of \$100,000 per year. Of the 12 potential providers that downloaded and reviewed the bid documents, only one provider attended the mandatory pre-bid meeting that was a requirement to submit a bid response. The one provider who attended the meeting did submit a bid response to inform the City that they did not wish to proceed further due to the minimum guarantee amount exceeding the revenues that they had projected to generate.

In July 2016, staff contacted additional providers about the Signs in an effort to increase awareness and again solicited bids from 281 known providers through the City's bid portal for the exclusive right to sell advertising opportunities on the Signs with a minimum guarantee revenue amount to the City of \$80,000 per year. In total, 10 potential providers downloaded and reviewed the bid documents including six potential providers that had downloaded and reviewed the bid documents that had been issued in May 2016, and only Anaheim Arena Management submitted a response.

After the bid closing date of the July 2016 solicitation, requests for feedback were sent to the non-bidders to find out why they chose not to submit a bid and no responses were received.

Staff evaluated AAM's response and found it to be a strong financial proposal and believe that AAM is completely capable of fulfilling the City's requirements. AAM has demonstrated the ability to successfully operate two existing outdoor video signage points that are located directly across from ARTIC; they have advertising sales and support staff onsite; and they have existing advertising partners, of which three have provided AAM with verbal commitments to place advertising on the Signs totaling \$48,000 in revenue for the first year. Based on these factors, staff supports and recommends awarding the contract to AAM.

The Agreement commits AAM to provide to the City the following on an annual basis:

- The City shall retain the first \$80,000 in Gross Revenues per year.
- Should Gross Revenues not reach \$80,000, AAM shall still pay the City \$80,000 per year (Minimum Annual Guarantee).
- Should Gross Revenues exceed \$80,000 per year, AAM shall retain the next \$40,000 after the Minimum Annual Guarantee is paid to the City.
- Should Gross Revenues exceed \$120,000, the City shall retain 25% of any excess amount.

Under the terms of the Agreement the City shall also retain control of 10% of all available advertising time, which shall be equivalent to no less than a total of 360 seconds per hour for the purpose of displaying advertising for City approved events, including but not limited to events held at City-owned facilities; civic events; non-profit cultural arts events; and civic-minded activities.

The Agreement shall be valid for a one one-year term, which may be extended for up to four additional one-year terms at the City's sole option.

IMPACT ON BUDGET:

The revenues generated from this Agreement, with a guaranteed revenue amount of \$80,000 per year, will be used to support ARTIC operations.

Respectfully submitted,

Tom Morton
Executive Director
Convention, Sports & Entertainment Department

Attachment:

1. Agreement