ITEM NO. PATCO-13-033

SUBJECT: Out-of-Home Advertising Services

COMMITTEE: Finance

COMMITTEE MEETING DATE: October 2, 2013

BOARD ACTION DATE: October 16, 2013

PROPOSAL: That the Board of Commissioners of the Port Authority Transit Corporation authorize staff to negotiate a contract with Titan Outdoor LLC to provide out-of-home advertising services for PATCO stations, PATCO facilities, PATCO parking lots, train cars, and PATCO rights of way.

Titan has proposed that DRPA/PATCO will receive the greater of (i) minimum annual guarantees totaling $3,250,000 or (ii) a contingent fee of sixty-two and one-half (62.5%) percent of Net Revenue earned over the five-year term. The minimum annual guarantee is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>1</td>
<td>$550,000</td>
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<tr>
<td>2</td>
<td>$600,000</td>
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<tr>
<td>3</td>
<td>$650,000</td>
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<tr>
<td>4</td>
<td>$700,000</td>
<td></td>
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<tr>
<td>5</td>
<td>$750,000</td>
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</tbody>
</table>

Total Minimum Revenue (Guaranteed): $3,250,000

Firm: Titan Outdoor LLC
100 Park Avenue, 6th Floor
New York, NY 10017

Other Proposers: Interstate Transit Media, LLC

PURPOSE: To have a qualified firm create and manage a revenue generating out-of-home advertising program on and in PATCO stations, PATCO facilities, PATCO parking lots, train cars, and PATCO rights of way.

BACKGROUND: PATCO is looking for an experienced out-of-home advertising firm to develop and maintain the advertising franchise of PATCO through a directed sales effort that maximizes revenue from national, regional and local sources. Additionally, PATCO seeks to improve the quality
and variety of its offering of advertising products and services so that advertisers can make more effective use of PATCO’s facilities.

A Request for Proposal was posted on DRPA’s website on June 18, 2013. Seven (7) firms attended the mandatory pre-bid meeting. Two (2) proposals were received.

A review team consisting of PATCO and DRPA staff reviewed the proposals and evaluated them based on technical and revenue merit.

All members of the review team were interviewed and cleared of any conflicts by the Inspector General. The Inspector General’s Office confirmed that the proposers submitted the required Political Contribution Disclosure & Certification Forms. The entire RFP process was overseen by the Contract Administration Department.

Based upon the review team’s evaluation of the proposals, staff recommends that a contract be executed with Titan Outdoor LLC to provide out-of-home advertising services. Titan Outdoor LLC has been providing out-of-home advertising services to PATCO since 2008. As of 9/30/13, PATCO has earned $3,068,490.00 in revenue.
SUMMARY STATEMENT
FINANCE 10/02/13

PATCO OUT-OF-HOME
ADVERTISING SERVICES

SUMMARY: Amount: The greater of 62.5% of Net Revenue or:
Year 1 Revenue: $ 550,000
Year 2 Revenue: $ 600,000
Year 3 Revenue: $ 650,000
Year 4 Revenue: $ 700,000
Year 5 Revenue: $ 750,000
Total Minimum Revenue (Guaranteed): $3,250,000
Payment amount to DRPA is 62.5% of Net Revenue up to $1,000,000 plus 100% of revenue from a single contract in excess of $1,000,000. Fee splitting, commissions, finders’ fees and subcontracts will be prohibited.

Source of Funds: N/A
Capital Project#: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Five (5) years, terminable by DRPA with 30 days’ prior written notice.

Other Parties: N/A
RESOLUTION

RESOLVED: That the Board of the Port Authority Transit Corporation authorize staff to negotiate a five (5) year contract with Titan Outdoor LLC to provide out-of-home advertising services at PATCO stations, PATCO facilities, PATCO parking lots, train cars, and PATCO rights of way.

RESOLVED: That the Chair, Vice Chair and the President must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and President and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of PATCO.

SUMMARY: Amount: The greater of 62.5% of Net Revenue or:

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