



TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON OCTOBER 28, 2013
FROM:	WILLIAM C. COXHEAD MANAGING DIRECTOR OF PARKS & RECREATION
SUBJECT:	SINGLE SOURCE ADVERTISING SERVICES IN THE CITY’S ARENA FACILITIES

RECOMMENDATION

That, on the recommendation of the Managing Director of Parks & Recreation,

- a) Approval hereby **BE GIVEN** to enter into formal negotiations with LK Promotions and Advertising to provide Advertising Services in the City’s Arena Facilities for a three year period, with an option to renew the contract for a two additional years.
- b) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this contract; and
- c) Approval hereby be given **BE CONDITIONAL** upon the Corporation entering into negotiations with LK Promotions and Advertising for the sale and installation of advertising at the City’s arenas from potential vendors at mutually agreed fees, payable to the City on an annual basis; and
- d) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval

PREVIOUS REPORTS PERTINENT TO THIS MATTER

None

BACKGROUND

Purchasing Process

An Expression of Interest/Request for Qualifications was issued and closed August 8, 2013 for the Sale of Advertising at various city facilities and three potential contractors responded to the REOI/RFQUAL.

The REOI/RFQUAL developed predetermined criteria in order to be invited to participate in the Request for Proposal process. A contractor must achieve a minimum score of 70% to be ‘qualified.’ If only one contractor’s score was over 70% the City reserves the right to negotiate with that contractor to enter into an agreement and not issue an Request for Proposal (RFP.)

The Evaluation Team received and reviewed the three submissions, and only one contractor was qualified to move to the RFP process. The two other proponents were disqualified. With only one qualified applicant an RFP process is redundant. As such we are requesting authorization to negotiate a formal agreement with the single compliant applicant (LK Promotions and Advertising.).

LK Promotions and Advertising (a subsidiary of the London Knights), is a London company selling advertisements to companies in London and the surrounding area.

This recommendation is in compliance with our “Procurement of Goods and Services Policy” as per Section 14.4 Single Source, clause a).



Financial Impact

The expression of interest and subsequent discussions with LK Promotions and Advertising outlined the following financial aspects that will be incorporated into the formal agreement. They are included here for your information only to provide an order of magnitude of the revenue potential.

The City of London will receive a lump sum at the start of each fiscal year as per the growth structure listed below. The City of London will also receive a percentage of all net sales so that the lump sum and City's percentage equals 40% of the projected revenue. The City of London will receive 25% on all net revenue generated over and above the projected revenue each year.

Year 1	Projected Revenue:	\$150,000.00
Annual Guarantee:	\$22,000.00	15%
% of Net Sales:	\$37,000.00	25%
Total to City	\$59,000.00	40%

Year 2	Projected Revenue:	\$200,000.00
Annual Guarantee:	\$30,000.00	15%
% of Net Sales:	\$50,000.00	25%
Total to City	\$80,000.00	40%

Year 3	Projected Revenue:	\$250,000.00
Annual Guarantee:	\$37,500.00	15%
% of Net Sales:	\$62,500.00	25%
Total to City	\$100,000.00	40%

Conclusion

Staff recommends negotiating and entering into a contract with LK Promotions and Advertising for a three year term with the option to renew the contract for two additional years that includes the above revenue sharing terms.

Acknowledgements

This report was prepared with the assistance of Terri Sue Wyatt, Procurement Officer and Duncan Sanders, Manager Recreation Operations, Parks & Recreation.

SUBMITTED BY:	RECOMMENDED BY:
L. SCOTT OLDHAM BUSINESS SOLUTIONS MANAGER, PARKS & RECREATION	WILLIAM C. COXHEAD, MANAGING DIRECTOR, PARKS & RECREATION
REVIEWED & CONCURRED BY:	
MIKE TURNER, DEPUTY CITY TREASURER	