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TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE FEBRUARY 17, 2016
FROM:	WILLIAM C. COXHEAD MANAGING DIRECTOR OF PARKS & RECREATION
SUBJECT:	CONTRACT EXTENSION: C14-046 ADVERTISING SERVICES AT THE CITY'S ARENAS

RECOMMENDATION

That, on the recommendation of the Managing Director of Parks and Recreation, the following actions **BE TAKEN**, with respect to Contract C14-046.

- a) The request from LK Promotions and Advertising, 99 Dundas Street, London, Ontario for an eight (8) month extension to their arena advertising contract **BE ACCEPTED**; and
- b) Civic Administration **BE AUTHORIZED** to undertake all administrative acts which are necessary in connection with this arena advertising contract extension.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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November 5, 2013 Community and Protective Services Committee: Single Source Advertising Services in the City's Arena Facilities

BACKGROUND

The City negotiated a contract with LK Promotions and Advertising for arena advertising in in the City's eleven (11) arenas in November 2013 for a three (3) year period with an option for a two (2) year extension. The two (2) year extension was approved by administration in December, 2015 and the current expiry date is March 31, 2018. NOTE: LK Promotions and Advertising was the only compliant applicant of the three (3) proposals received in 2013.

This proposal builds on two of Council's strategic priorities:

- 1) Building a Sustainable City - pursuing alternative revenue sources allows us to maintain or improve our assets without additional tax dollars;
- 2) Leading in Public Service – Proactive financial management allows us to limit the burden on current and future rate payers.

Purpose

LK Promotions and Advertising have requested an eight (8) month extension to their contract from March 31, 2018 to November 30, 2018 which permits a full year for sales in the final year rather than the four (4) months originally negotiated. This allows LK Promotions and Advertising to offer extended terms and pricing for long term advertisers coinciding with their typical advertisement cycle times, eliminating fractionalized revenue in the final year of the contract.

Financial Impact

The two year extension calls for a guarantee of \$41,250 in 2017 and \$45,000 in 2018. The anticipated revenue over the five (5) years and eight (8) months of the contract is over \$200,000. NOTE: LK Promotions and Advertising exceeded their annual guarantee in 2014 and 2015 by \$13,500 and \$24,000 respectively.

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Conclusion

LK Promotions and Advertising have proven themselves to be a successful vendor in the sale of advertising within the City's arenas, which has resulted in a tripling of revenue to the City of London by the second year of their current contract. The eight (8) month extension will allow LK Promotions and Advertising to maximize revenue opportunities by aligning with most full year and multi-year advertising contract end dates. This will translate into the full guarantee amount of forty five thousand (\$45,000.00) being realized in 2018 rather than a portion thereof.

SUBMITTED & PREPARED BY:	
L. SCOTT OLDHAM MANAGER, BUSINESS SOLUTIONS AND CUSTOMER SERVICE PARKS AND RECREATION	
RECOMMENDED BY:	RECOMMENDED BY:
ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES	WILLIAM C. COXHEAD MANAGING DIRECTOR PARKS & RECREATION

- cc: Kyle Murray, Financial & Business Services
 John Freeman, Manager of Purchasing And Supply
 Terri-Sue Wyatt, Procurement Officer
 David G. Mounteer, Legal and Corporate Services