

Memorandum



Date: December 16, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Agenda Item No. 8(J)(1)(A)

From: George M. Burgess
County Manager

Subject: Resolution Authorizing Execution of First Amendment to Contract TR03-ADV with CBS Outdoor Group, Inc. (formerly Viacom Outdoor Group, Inc.)

RECOMMENDATION

It is recommended that the Board of County Commissioners (Board) approve the First Amendment to Contract TR03-ADV with CBS Outdoor Group, Inc. (CBS). This is a non-exclusive contract for the purpose of selling advertising space on transit vehicles, Metrorail stations, and on the South Miami-Dade Busway advertising kiosks. The proposed amendment increases the Annual Minimum Guarantee from \$1,000,000 to \$2,000,000, effective September 9, 2008, when the fifth contract year commences.

The County also intends to exercise the first three-year renewal option at the revised Annual Minimum Guarantee of \$2,000,000, which will commence on September 9, 2009. As a further condition of exercising the renewal option, the proposed amendment directs CBS to submit to the County either a \$450,000 payment within 30 days to be applied towards the purchase of new Metrorail Station advertising clocks/digital information displays or provide for the purchase, delivery, and installation of said clocks/digital information displays within 6 months of Miami-Dade Transit's approval of the proposed product.

SCOPE

As this contract provides transit advertising opportunities throughout the entire Miami-Dade Transit (MDT) system, the impact of this amendment will be countywide and will increase revenues generated to Miami-Dade County.

FISCAL IMPACT/FUNDING SOURCE

This amendment revises the Annual Minimum Guarantee payment to Miami-Dade County from \$1,000,000 to \$2,000,000 and will have no negative fiscal impact.

TRACK RECORD/MONITOR

Since the commencement of the contract on September 2004, the contractor's overall performance has been satisfactory. The contractor has submitted all scheduled revenue payments and monthly reports in a timely manner. The person(s) who will be responsible for monitoring the contract is Michael DeCossio, Chief, MDT Advertising & Media Relations.

DELEGATED AUTHORITY

In accordance with Section 2-8.3 of the Miami-Dade County Code related to identifying delegation of Board authority, there are no authorities beyond that specified in the resolution which include authority for the County Mayor, or his designee, to exercise the first renewal option of three years.

BACKGROUND

On July 13, 2004, by Resolution No. R-862-04, the Board awarded Contract TR03-ADV to Viacom Outdoor Group, Inc. for the purpose of selling advertising space on transit vehicles, Metrorail stations, and the South Miami-Dade Busway advertising kiosks for Miami-Dade Transit (MDT). The contract has an initial five-year term (commencing in September 9, 2004) with two options to renew (OTR) for up to five additional years; the first OTR is for three (3) years and the second is for two (2) years.

The award recommendation to Viacom Outdoor Group, Inc. was amended by the Regional Transportation Committee on June 17, 2004 to reflect that any increases or decreases in the Annual Minimum Guarantee (AMG) require the approval of the Board (File # 041553). An agreement was reached with CBS in which the AMG will increase to \$2,000,000 per contract year for the life of the contract, including the first OTR of three (3) years. An adjustment to the AMG is limited to an increase or decrease by twenty percent (20%) or more of the number of buses available as included in the Adjusted Agreed-Upon Inventory.

On December 29, 2005, Viacom Outdoor Group, Inc. changed its name to CBS Outdoor Group, Inc. (CBS). Under the current contract, CBS sells, installs, and maintains advertising on transit vehicles, Metrorail passenger stations, and the South Miami-Dade Busway advertising kiosks. In exchange for the rights to sell transit advertising, CBS pays the County an Annual Minimum Guarantee, paid on a monthly basis, or, 60% of its net billings, whichever is greater. The existing Annual Minimum Guarantee in the amount of \$1,000,000 has been in effect since the contract commenced in September 2004.

MDT has undergone an increase in the number of buses available for advertising since the commencement of the contract. The increase of the fleet has also increased the potential for advertising revenue. As a result of CBS's success in the sale of advertising spaces and the increase in the number of buses in the advertising inventory, the AMG has been increased by \$1,000,000. However, since CBS has paid the greater of the existing AMG or 60% of its net billings, CBS's payments to the County have already exceeded the \$1,000,000 AMG.

Therefore, the new AMG, in the amount of \$2,000,000, will be effective on September 9, 2008, when the fifth contract year commences. CBS shall provide a revised Letter of Credit in the amount of \$8,000,000 which represents 100% of the new AMG for the last year of the initial contract term and the first OTR of three (3) years which the County is committing to exercise. The Letter of Credit is to be provided within fifteen (15) calendar days after approval of First Amendment.

In addition, a renewal provision for up to two additional terms is provided by the contract. MDT intends to exercise the first renewal option for 3 years, commencing September 9, 2009, when the present contract expires. As a further condition of the renewal option, CBS shall within thirty (30) days of Board approval of the First Amendment submit to the County either a \$450,000 payment to be applied towards the purchase of new Metrorail Station advertising clocks/digital information displays or a written schedule detailing the purchase, delivery, and installation of new Metrorail Station advertising clocks/digital information displays, with a minimum value of \$450,000 and subject to MDT's approval. If CBS chooses the option of providing the clocks/digital information displays, completion of purchase, delivery, and installation of all devices shall not exceed six (6) months from MDT's approval. MDT will own and maintain the clocks.


Assistant County Manager



MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

DATE: December 16, 2008

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 8(J)(1)(A)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Manager's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 8(J) (1) (A)
12-16-08

RESOLUTION NO. _____

RESOLUTION AUTHORIZING EXECUTION OF FIRST AMENDMENT TO CONTRACT TR03-ADV WITH CBS OUTDOOR, INC. (FORMERLY VIACOM OUTDOOR GROUP, INC.) FOR TRANSIT ADVERTISING SERVICES FOR TRANSIT VEHICLES, METRORAIL STATIONS, AND THE SOUTH MIAMI-DADE BUSWAY ADVERTISING KIOSKS; AND AUTHORIZING THE COUNTY MAYOR, OR HIS DESIGNEE, TO EXERCISE THE FIRST RENEWAL OPTION OF THREE (3) YEARS.

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board approves First Amendment to Contract TR03-ADV between Miami-Dade County and CBS Outdoor, Inc. (formerly Viacom Outdoor Group, Inc.) to provide transit advertising services in substantially the form attached hereto and made a part hereof; and authorizes the County Mayor, or his designee, to exercise the first renewal option of three (3) years.

The foregoing resolution was offered by Commissioner
who moved its adoption. The motion was seconded by Commissioner
and upon being put to a vote, the vote was as follows:

Bruno A. Barreiro, Chairman	
Barbara J. Jordan, Vice-Chairwoman	
Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 16th day of December, 2008. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Bruce Libhaber

FIRST AMENDMENT TO CONTRACT TR03-ADV

BETWEEN

MIAMI-DADE COUNTY, FLORIDA

AND

CBS OUTDOOR GROUP, INC.

THIS FIRST AMENDMENT, made and entered into this _____ day of _____, 2008, by and between MIAMI-DADE COUNTY, FLORIDA, a political subdivision of the State of Florida (hereinafter referred to as "COUNTY"), and CBS Outdoor Group, Inc. (f/k/a Viacom Outdoor Group, Inc.) (hereinafter referred to as the "CONTRACTOR").

WITNESSETH:

WHEREAS, by Resolution No. R-862-04 passed and adopted on July 13, 2004, the Board of County Commissioners (the BOARD) authorized Contract TR03-ADV between the above named parties for the purpose of providing advertising services for transit vehicles, Metrorail stations and South Miami-Dade Busway advertising kiosks (the "CONTRACT"); and

WHEREAS, the CONTRACTOR formerly known as Viacom Outdoor Group, Inc. is now known as CBS Outdoor Group, Inc.; and

WHEREAS, Resolution No. R-862-04 requires that any increases in the minimum guarantee payment shall be approved by the BOARD; and

WHEREAS, the COUNTY and the CONTRACTOR agree to adjust the Annual Minimum Guarantee from \$1,000,000 to \$2,000,000; and

WHEREAS, the COUNTY and the CONTRACTOR agree to exercise the first option to renew for three (3) years.

NOW, THEREFORE, in consideration of the premises and mutual covenants expressed herein the parties hereto agree as follows:

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1. All references in the CONTRACT to Viacom Outdoor Group, Inc. are hereby amended to read "CBS Outdoor Group, Inc."
2. Article 1, Section 1.06, New Advertising Opportunities and Nonexclusivity, fifth sentence is hereby amended to read: "All recommendations regarding new advertising opportunities are subject to review and approval by the Director or his designee whose decision in such matters shall be final."
3. Amend Article 1, Section 1.07, New Advertising Device – Adjustments to the Annual Minimum Guarantee, in its entirety to read: "New Advertising Device: In the event that a new advertising device is added to the Agreed-Upon Inventory under this Contract, a six (6) month trial period will commence. Once the trial period is over, and only after Director's final approval, the new device shall become a part of the Agreed Upon Inventory."
4. Article 3, Unsold Advertising Space, Section 3.01, first sentence is amended to read: "The Contractor shall keep all advertising spaces occupied with advertising materials at all times."
5. Amend Article 5, Payments and Reports, Section 5.01, Definitions, subsection (e), to read: "Adjusted Annual Minimum Guarantee" – The term "Adjusted Annual Minimum Guarantee" shall be as provided in Section 5.02.
6. Article 5, Payments and Reports, Section 5.01, Definitions, subsections (f) and (g) are deleted in its entirety.
7. Article 5, Payments and Reports, Section 5.02, Annual Minimum Guarantee, subsections (e) through (j) shall be amended to read:

"The Director or his designee shall set the Annual Minimum Guarantee for the fifth contract year to \$2,000,000, and the Annual Minimum Guarantee shall be adjusted each year thereafter as set forth in Section 5.03."
8. Article 5, Payments and Reports, Section 5.03, Agreed-Upon Inventory Changes, shall be amended to read:

"Increase/Decrease in Agreed-Upon Inventory: In the event there is an increase or decrease by 20% or more, at any time during a contract year, in the total number of buses designated by MDT as included in the Adjusted Agreed Upon Inventory (Exhibit 5), the Annual Minimum Guarantee shall be recalculated as provided below.

The Annual Minimum Guarantee shall be adjusted to be effective with the first day of the calendar month following such recalculation. Such adjustment shall be

prorated for purposes of adjusting the Annual Minimum Guarantee for the contract year. Failure by the Contractor to request in writing to the County any adjustments to the revised Agreed Upon Inventory and/or Annual Minimum guarantee within ninety (90) days of receipt of notice from the County of the actual inventory adjustment by the County shall result in a waiver by the Contractor of claims and/or rights to any adjustments with respect to such actual inventory adjustment during the term of this Contract and any extensions thereof.

For purposes of this section, the total number of buses shall include the full-size and minibus fleet.

All recalculations of the Annual Minimum Guarantee shall be accomplished as follows:

- (1) The Annual Minimum Guarantee for each contract year under this Contract – At the commencement of each new contract year, the corresponding Annual Minimum Guarantee for that specific contract year under Section 5.02 above will become effective.
- (2) In the event that there is an increase/decrease of 20% or more of the number of buses available as included in the Adjusted Agreed-Upon Inventory, the Annual Minimum Guarantee will be adjusted upward or downward, as the case may be, by the same percentage as the increase/decrease of the number of buses available.

Any increase/decrease to the number of Metrorail vehicles, Metrorail station devices, and the South Miami-Dade Busway advertising kiosks shall not cause an adjustment to the Annual Minimum Guarantee, unless otherwise requested and/or approved by the Director.”

9. Article 7, Inventory, Section 7.02, Advertising Clock Mechanisms, the following shall be added to the end of the paragraph: “The Contractor shall within thirty (30) days of Board approval of the First Amendment submit to the County either a \$450,000 payment to be utilized towards the replacement of the clocks at the Metrorail stations or a written schedule detailing the purchase, delivery, and installation of the new Metrorail Station advertising clocks/digital information displays with a minimum value of \$450,000 for MDT’s approval. If Contractor chooses the option of providing the clocks/digital information displays, completion of purchase, delivery, and installation of all devices shall not exceed six (6) months from MDT’s approval. The Contractor and the County agree the two parties will consult with one another as to the design and placement of the aforementioned clocks.”

10. Amend Article 8, Installation, Maintenance and Removal by Contractor, Section 8.04, paragraph 5 to read: "At no time shall any advertising device be installed partially or fully covering the windows on the front and curbside of transit buses." All else in paragraph remains the same.
11. Amend Article 12, Performance Bond, paragraph 1 to read, "The Contractor shall duly execute and deliver to the County within fifteen (15) calendar days after approval of First Amendment, a letter of credit in the amount of 100% of the Annual Minimum Guarantee Payments for the life of the Contract. The Contractor shall provide the County with an irrevocable letter of credit from a federally insured financial institution located in the United States backing all of the Contractor's payment and performance obligations hereunder (the LOC). The LOC shall be in the amount of \$8,000,000.00 and shall name the County as the sole beneficiary thereof. The LOC shall be effective commencing on September 9, 2008 and shall continue until either termination of Contract or Contractor's full satisfaction of all payments and performance obligations, whichever is the later. The County is authorized to make a demand on the LOC for any payment which is 20 calendar days overdue after receipt of notice, which may be by facsimile, from County of such failure to pay. It is expressly understood that the County shall be entitled to the full amount of the demand within two (2) business days of receipt by the federally insured financial institution. On the first anniversary of the effective date contained in the First Amendment, the Contractor shall cause the amount of the LOC to decrease to reflect 100% of the outstanding contract requirements." All else remains the same.
12. The first renewal option for three years shall be exercised commencing September 9, 2009 and ending September 8, 2012.
13. The CONTRACTOR will continue to make all revenue payments as specified in the current CONTRACT. The annual minimum guarantee payment shall continue to be in the amount of \$2,000,000 unless any adjustments are made as specified under amended Article 5.03.
14. Attached Exhibit 5, Adjusted Agreed-Upon Inventory Inspection List for the fifth contract year, shall become part of the Contract effective September 9, 2008.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to CONTRACT to be executed as of the date first above written.

CBS Outdoor Group, Inc.

ATTEST:
BY: *David H. Poy* BY: *[Signature]*
Assistant Secretary President, Displays Division
(Seal)

ATTEST: MIAMI-DADE COUNTY, a
political Subdivision of the State of
Florida
By Its Board of County
Commissioners
HARVEY RUVIN, CLERK

BY: _____ BY: _____
Deputy Clerk County Manager

Approved as to form
and legal sufficiency _____ .

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST
Effective September 9, 2008**

**METROBUS FULL-SIZE FLEET AVAILABLE FOR ADVERTISING*
(As of January 2008):**

NABI Regular Buses (9700's).....	48
NABI Low-Floor Buses:	
9800	19
9900.....	93
2000.....	96
2100.....	91
2200.....	11
3100.....	99
3200.....	1
4100.....	99
4200.....	11
5100.....	99

TOTAL NUMBER OF FULL-SIZE BUSES WITH ADVERTISING SPACES: 667

*Excludes NABI Low-Floor VIP buses (5200 & 6100 series), Flxible buses (9300-9400 series), and MCI buses (6700 series).

ADVERTISING DEVICES APPROVED FOR POSTING ON METROBUSES:

Inside Bus Advertising Device -- 11" high x 28" wide

King Size Advertising Device – 30" high x 144" wide or adjusted to fit space on vehicle

Queen Size Advertising Device – 30" high x 108" wide, 30" high x 88" wide, or adjusted to fit space on vehicle

Tailgate Advertising Device – 21" high x 72" wide or adjusted to fit space on vehicle

Full-Back Advertising Device – Applied covering the exterior full body of back of bus.

Ultra Super King Size Advertising Device – Applied covering the exterior body of bus between wheel wells, including window areas. Installed on street side of vehicle only.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST (Con't)**

Ultra King Advertising Device – Applied covering the exterior body of bus between wheel wells, **excluding** all window areas. No decal material will be installed covering a portion or all window areas. (Previously known as the King Kong Advertising Device in the Initial Agreed-Upon Inventory).

Full Bus Wrap Advertising Device – Applied advertising device covering the exterior body of vehicles and street side windows. No decal material will be installed covering the front of vehicles. No decal material will be installed covering any portion or all window areas on the curbside of the vehicle.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST (Con't)**

MINIBUS FLEET AVAILABLE FOR ADVERTISING*

NABI Optare Buses (3300)..... 56

TOTAL NUMBER OF MINIBUSES WITH ADVERTISING SPACES: 56

*Excludes NABI Optare buses (SoBe), Blue Bird buses (Trolleys), and Optima buses.

ADVERTISING DEVICES APPROVED FOR POSTING ON MINIBUSES:

Minibus Side Advertising Device – 21" high x 72" wide

King Size Advertising Device – adjusted to fit space on vehicle

Queen Size Advertising Device – adjusted to fit space on vehicle

Tailgate Advertising Device – 21" high x 72" wide or adjusted to fit space on vehicle

Full-Back Advertising Device – Applied covering the exterior full body of back of bus.

Ultra Super King Size Advertising Device – Applied covering the exterior body of bus between wheel wells, **including** window areas. Installed on street side of vehicle only.

Ultra King Advertising Device – Applied covering the exterior body of bus between wheel wells, **excluding** all window areas. No decal material will be installed covering a portion or all window areas. (Previously known as the King Kong Advertising Device in the Initial Agreed-Upon Inventory).

Full Bus Wrap Advertising Device – Applied advertising device covering the exterior body of vehicles and street side windows. No decal material will be installed covering the front of vehicles. No decal material will be installed covering any portion or all window areas on the curbside of the vehicle.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST (Con't)**

METRORAIL STATIONS AVAILABLE FOR ADVERTISING

Dadeland South
Dadeland North
South Miami
University
Douglas Road
Coconut Grove
Vizcaya
Brickell
Government Center
Historic Overtown/Lyric Theatre Station
Culmer
Civic Center
Santa Clara
Allapattah
Earlington Heights
Brownsville
Dr. Martin Luther King Jr.
Northside
Tri-Rail
Hialeah
Okeechobee
Palmetto

ADVERTISING DEVICES APPROVED FOR POSTING AT METRORAIL STATIONS:

Diorama Advertising Device – 43" high x 62" wide

Back-lighted (transparency) self-standing poster display device available in concourse area of stations except Government Center Metrorail Station.

Bench Windscreen Advertising Device -- 46" high x 60" wide, non-illuminated poster display device. Each bench structure contains six devices. The center space on both sides of bench structure is reserved for MDT. Located at platform level on each of the 22 Metrorail stations.

Wall-mounted Advertising Device – 46" high x 60" wide

Non-illuminated poster display attached to the walls on platform level on several Metrorail stations.

Clock Advertising Device – 21" high x 62" wide

Back-lighted clock with advertising space suspended from the station roof.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST (Con't)**

Station Domination – An advertising package that includes various types and quantities of devices sold as a single device and installed at a single Metrorail Station. This device requires Director's approval.

METRORAIL VEHICLES: 136 CARS

Interior Metrorail Car Advertising Device – 22" high x 21" wide
Five display devices reserved for MDT.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.

**EXHIBIT 5
ADJUSTED AGREED-UPON INVENTORY
INSPECTION LIST (Con't)**

**SOUTH MIAMI-DADE BUSWAY
ADVERTISING KIOSK PANELS**

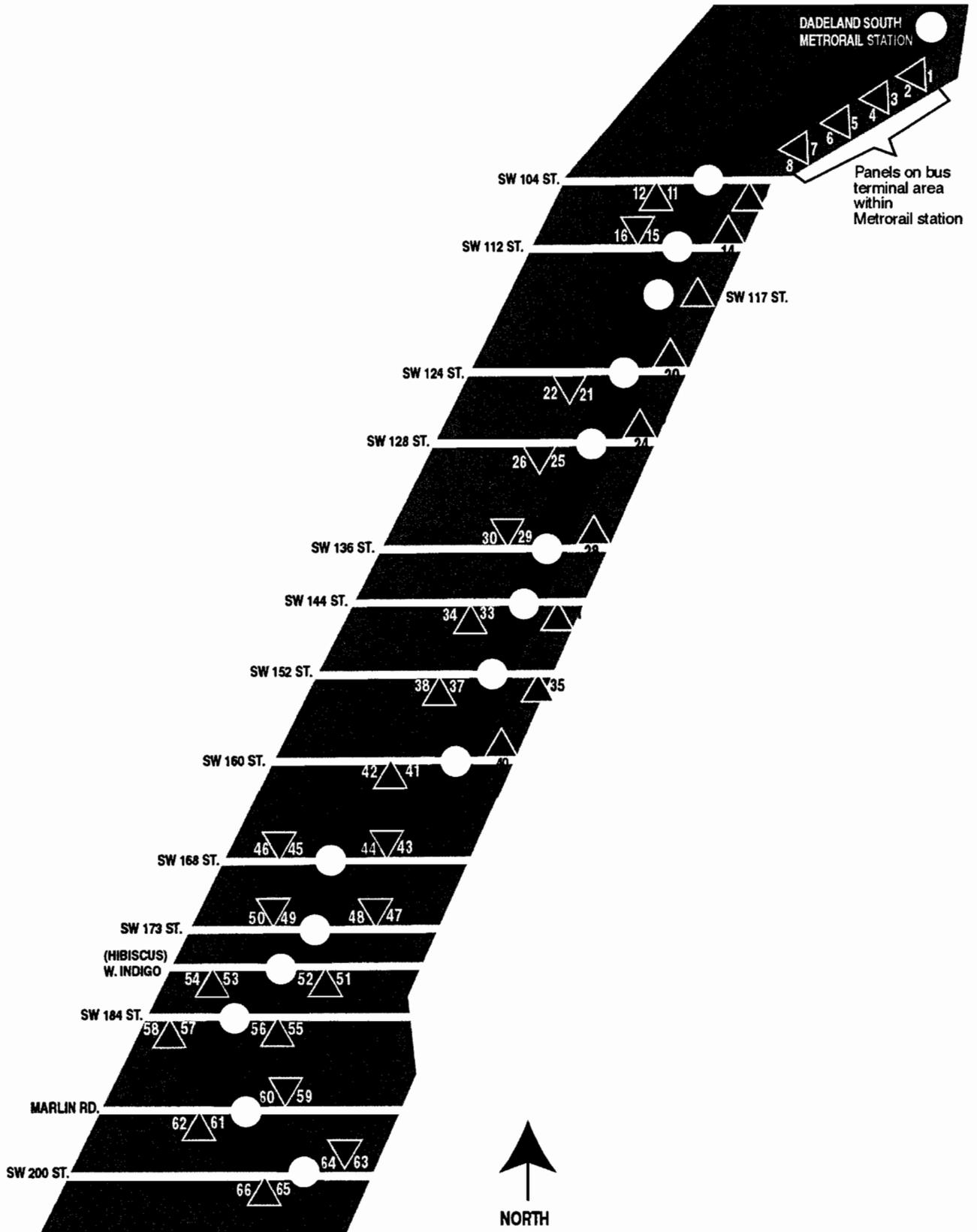
BUSWAY ADVERTISING KIOSKS	PANEL IDENTIFICATION (SEE MAP)
Dadeland South Metrorail Station (Bus Terminal) Passenger Exposure	3, 4, 6, & 8
Premium Exposure Advertising Kiosk Panels	9, 10, 13, 14, 17, 18, 19, 20, 23, 24, 27, 28, 31, 32, 35, 36, 39, & 40
Standard Exposure Advertising Kiosk Panels	11, 15, 16, 21, 25, 26, 29, 30, 33, 34, & 37
Limited Exposure Advertising Kiosk Panels	41, 42, 43, 44, 45, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, & 66

Advertising Kiosk Panel numbers 5, 7, 12, 22, 38, and 46 are reserved for Miami-Dade Transit use and are not part of the Agreed Upon Inventory.

Advertising Kiosk Panel numbers 1, 2, 47, and 48 are not available for advertising.

4-22-08

Note: This is the First Adjustment to the Initial Agreed Upon Inventory and replaces Exhibit 1 & 2 of Contract TR03-ADV.



4-22-08

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