

# SUMMER STUDIES 2017

## Chamber of Commerce – Street Furniture Advertising Agreements

Summer Study 17-006

Department of Public Works

August 8, 2017

## Summer Studies

*During the FY 17/18 Budget Workshops, the City Commission directed staff to review the historic relationship of the Hallandale Beach Chamber of Commerce and Martin Gold Coast, LLC (MGC) which provides bus benches and bus shelters citywide. This Summer Study explains the history of the relationship and recommends a new direction for both the Chamber of Commerce and the bus bench/shelter service provider.*

### ***I. History***

- A. March 24, 2003 the City entered into a perpetual bench agreement with the Hallandale Beach Chamber of Commerce. This agreement modified the original bench agreement between the City and the Chamber of Commerce, dated November, 1994 (amended October 26, 1999). The perpetual bench agreement granted the Chamber of Commerce the right to subcontract with a company for the placement of bus benches, with advertising, as a revenue source for the Chamber of Commerce. Said agreement provided that the Chamber maintains and installs at no cost said benches at the direction of the City.

On June 30, 2003, the City entered into an agreement with Clear Channel Outdoor Inc. for the installation and maintenance of bus shelters. As part of the agreement, the City purchased bus shelter structures, associated light poles and pavers. The City was additionally responsible for repairing and replacing light poles and pavers as required, for providing replacement parts for shelter repair, and for supplying, cleaning, maintaining, and replacing trash receptacles, sod and plant material. Clear Channel received \$3,800 per installation of each shelter, which included Clear Channel installing pavers, light pole, foundation, fixtures, and electrical connections. Upon the expiration of the contract in 2008, Clear Channel advised that it was not cost effective to continue with the agreement as a result of increased cost of installation. The City decided to enter into a month-to-month contract with Clear Channel and no new shelters were installed or replaced; however, the City continued to receive the revenue for the advertising shelters until

the termination of the month-to-month contract. This relationship appears to have been very one-sided to the vendor's advantage.

At the July 29, 2010 City Commission special budget meeting, the City Commission directed staff to begin negotiations with MGC for a joint bench and shelter agreement to include the replacement and installation of bus benches and bus shelters. The agreement required MGC to install, maintain and repair all bus benches and bus shelters throughout the City. Upon execution of the agreement, MGC assumed ownership of currently installed bus shelter units. As the owner, MGC is required to maintain, replace, repair, and keep said shelters in good repair and condition, and is furthermore required to retrofit all bus shelters with solar lighting. MGC will purchase City owned bus shelters for all future installations and replacements of bus shelters, so long as there are bus shelters in the City's possession. MGC pays the City \$3,250 per bus shelter unit. Upon the depletion of the in-stock City shelters, MGC will purchase shelters and other associated materials as needed for replacement of shelters at their sole expense (currently there are no bus shelters left in stock). The purchase and installation of bus benches and recycling kiosks is borne solely by MGC.

### **B. Existing Street Furniture Inventory & Type**

Based on the table below, there are thirty six (36) bus shelters throughout the City. The pictures below portray the three (3) different types of shelter. There are sixty two (62) benches throughout the City.

Type of street		Maintenance/Repair	Ownership
Bus shelters with ad	25	MGC *	MGC *
Non-ad bus shelters	9	MGC *	City Δ
All metal bus shelters	2	City staff	City
Total bus shelters	36		
Bus bench with ad	53	MGC *	MGC *
Non-ad bus bench	9	City staff	City
Total benches	62		

*Δ Shelter obtained through the County's ARRA grant*

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*Bus Shelter with Ad Box*



*Non Ad Bus Shelter*



*All Metal Bus Shelters*



*Benches with ad*

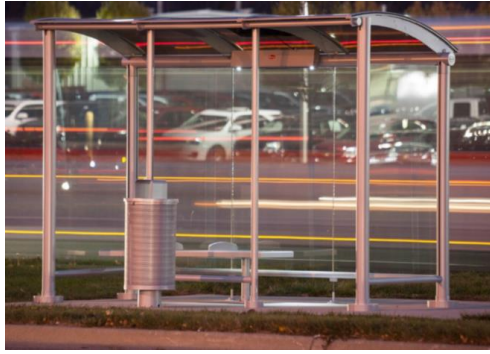


*Benches with no ad*

## *II. Current situation*

### **A. Proposed new bus shelter and bench**

As part of the A1A bus shelter project, six (6) new shelters (without advertisement) will be installed. Four (4) will replace the existing bus shelters (with advertisement) and two (2) will be new locations. The new bus shelter type is depicted below.



The installation of the new shelters on A1A will be undertaken by an outside contractor through a request for bid process.

### **B. Installation of new proposed bus shelter**

The removal of four (4) existing bus shelters (with advertisement) on A1A will be completed by MGC. These shelters could potentially be relocated to NE 14th Avenue and to West Hallandale Beach Boulevard (Jiffy Lube). The West Hallandale Beach Boulevard location already has an easement. The final decision has not yet been made.

In addition, the following two developers have committed to install bus shelters on their projects similar to the ones on A1A:

- Atlantic Village – Phase I (SW corner of N. Federal Highway and Atlantic Shores Blvd.)
- Art Square (N. Federal Highway north of NE 3 Street).

Upon completion of the A1A bus shelter project, the style of bus shelters on A1A will be uniform; however, the existing bus benches will not match the new bus shelter style. The same disparity will exist on Federal Highway, with the installation of the new shelters by the developers. There will be three (3) different styles of bus shelters on that thoroughfare. The City does not have the resources at this time to correct this situation, however it should remain a goal.

### **C. Agreement with Martin Gold Coast, LLC (MGC) - Status Update**

The agreement with MGC was executed on November 24, 2010 and will expire on September 30, 2020, unless the first five (5) year renewal is approved.



Following are the main terms of the agreement:

General terms:

- Upon execution of the existing contract, MGC assumed ownership of the existing bus shelters and benches identified in the contract. MGC was not required to compensate the City for the existing bus shelters.
- For any new bus shelter installation, MGC was required to purchase the bus shelters from the City. MGC purchased five (5) bus shelters from the City to date.
- Upon completion of the contract, MGC is obligated to remove all street furniture it owns.
- The Chamber of Commerce is a third party beneficiary in this agreement.
- The contract stipulates *“that the City intends to pay the Hallandale Beach Chamber of Commerce from revenues paid annually by contractor to the City in an amount up to \$50,000 in the City’s discretion provided that the Chamber shall work with local businesses and adjacent property owners to obtain any necessary easements for the placement of bus shelters and otherwise cooperate with the City and contractor in implementing this program”*. Somehow over the years, the Chamber received the \$50,000 at the beginning of the fiscal year with no performance regarding bus shelter ad sales or right-of-way negotiation required. The Chamber also received space in City Hall without rent.

Expenses:

- The City pays MGC \$15.75 per month per shelter to maintain nine (9) bus shelters with no advertisement.

Revenues:

- The contract requires MGC to compensate the City a fixed amount of its advertising per bus shelter and bus bench (\$850/bus shelter w/ ad/year; \$303/bench w/ ad on back of seat/year; \$333/bench with ad box/year).

The amount of revenue collected from MGC has averaged about \$40,000 per year. However, the City has covered the shortfall in revenue and made payments to the Chamber of Commerce in the amount of \$50,000 per year. The following table shows the revenue for the last three years.

Year	Revenue amount
2014	\$41,478
2015	\$38,713
2016	\$35,441

### D. Agreement with the Chamber of Commerce - Status Update

In 2012, the Chamber was placed on notice of their obligation as stipulated in the contract. However, the Chamber has not submitted any directly measurable deliverables. This does not mean that there are not any benefits, simply no accountability. Staff recommends the existing agreement be amended to include certain performance items the Chamber must complete in order to receive payment from the City. Furthermore, the amount paid to the Chamber will be \$25,000 in FY 17/18, if the recommended budget is approved. There will be no requirement for the Chamber to support MGC.

➤ **The following amendments to the current contract have been discussed with MGC:**

- MGC proposes a complete replacement of the existing “integrated” bench/planter units. MGC will install new units selected from available ADA/FDOT requirements, at no cost to the City, without the trash can (See attached sample bench style).
- MGC proposes to increase routine maintenance to cover any need created by removal of the trash can.
- MGC will begin installation of the new approved units within ninety days of approval of design by City (or within 90 days of receipt of product, whichever comes first).
- MGC will increase the guaranteed revenue to the City for bus benches from \$333 to \$350 per bench, beginning January, 2018 or upon completion of installation of the replacement units.
- MGC and the City agree to a pre-approval of the first five (5) year option to renew. This will extend the term of the agreement to 2025.

The allocation to the Chamber in the recommended FY 17/18 Budget has been reduced to \$25,000 from \$50,000 in the FY 16/17 budget for the Chamber of Commerce.

➤ **Rationalize the maintenance of the bus shelters and benches.**

The maintenance of the nine (9) City owned bus benches is currently performed by City staff. The maintenance of street furniture citywide may

require more staff. MGC will consider entering into a maintenance only contract with the City for these benches. MGC currently charges \$15.75/mo./shelter for the maintenance of the bus shelters with no advertisement. Granted MGC maintains the same maintenance rate, it will cost the City \$7,560 annually to maintain 40 shelters (the current thirty six (36) shelters, and the four (4) proposed new bus shelters). This will be a cost effective approach and will centralize all shelter maintenance in a contractual relationship which has worked well.

➤ **Will the new style of bus shelter be the new standard citywide?**

If this will be the case, staff will recommend refurbishing the existing shelters to resemble the new bus shelter style by painting the structures with a matching metallic paint and changing the roof panels.

➤ **Will the installation of street furniture with advertisement be continued?**

Yes, it is the most effective approach to providing this needed public amenity.

➤ **Will the Chamber of Commerce provide services to the City which justify the annual payment and the use of available space at City Hall?**

Yes, the new performance based relationship is being negotiated and will be presented to the City Commission for approval before any funds are released in FY 17/18. The allocation in the recommended FY 17/18 Budget has been reduced to \$25,000 from \$50,000 in the FY 16/17 budget.

➤ **What are the services the Chamber of Commerce will provide in the performance based agreement?**

Following are the items the Chamber of Commerce has agreed to as part of the performance based agreement:

1. Community Business Directory -\$5,000 annual support.
2. State of the City Luncheon -\$5,000 annual support.
3. Business After Hours Events -\$5,000 annual sponsorship.
4. Good Morning Hallandale, Lunch and Learn, and Developer Dais events -\$4,000 annual support.
5. Community Reinvestment Act- Loan Guarantee Program -\$6,000. The Chamber will be working with its member banks in Hallandale Beach to provide a workforce housing program loan guarantee program. The



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details will be developed and the \$6,000 payment will be tied to the development of the program during FY 17/18.