

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING, IN SUBSTANTIAL FORM, AN AGREEMENT WITH OUTFRONT MEDIA GROUP LLC, PURSUANT TO INVITATION TO NEGOTIATE NO. 2020-239-KB REVENUE SHARING AGREEMENT FOR THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF BUS SHELTERS AND OTHER STREET FURNITURE AT DESIGNATED LOCATIONS CITYWIDE, FOR AN INITIAL TERM OF TWENTY (20) YEARS AND ONE (1) FIVE (5) YEAR RENEWAL OPTION, EXERCISABLE BY MUTUAL AGREEMENT OF THE PARTIES; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE FINAL AGREEMENT.**

**WHEREAS**, in October 2001, the City and Clear Channel executed an agreement for Clear Channel to construct, operate, and maintain the current bus shelter structures on the public rights-of-ways throughout the City; and

**WHEREAS**, the agreement resulted in the installation of 107 bus shelters on City rights-of-way and provided for commercial static advertising on the bus shelters with an escalating revenue share with the City; and

**WHEREAS**, to date, the City Commission has approved five amendments to the agreement with Clear Channel; and

**WHEREAS**, most significantly, Amendment No. 5, executed in October 2020, established a termination date of September 30, 2021, and enabled for transfer of ownership of all existing bus shelters and street furniture from Clear Channel to the City upon expiration or termination of the agreement; and

**WHEREAS**, given that the existing bus shelters were installed in 2001, the City Commission has expressed a desire to update the current design; and

**WHEREAS**, on September 16, 2020, the Mayor and City Commission authorized the issuance of Invitation to Negotiate (ITN) 2020-239-KB for Revenue Sharing Agreement for the Design, Construction, Operation, and Maintenance of Bus Shelters and Other Street Furniture (the "Program"); and

**WHEREAS**, the City received one proposal from Outfront Media Group, LLC (OUTFRONT); and

**WHEREAS**, on February 16, 2021, the City Manager appointed an Evaluation Committee via LTC # 071-2021; and

**WHEREAS**, the Evaluation Committee convened on February 25, 2021 and scored the OUTFRONT proposal with an average score of 93 points; and

**WHEREAS**, on March 17, 2021, the City Commission adopted Resolution No. 2021-31644, approving the City Manager's recommendation to enter into negotiations with OUTFRONT, the sole bidder, and authorizing the Administration to bring the final negotiated

agreement, and subsequently, the new bus shelter design, back to the City Commission for approval; and

**WHEREAS**, pursuant to Resolution No. 2021-31644, the City entered negotiations with OUTFRONT and was able to negotiate the following essential terms for the agreement (“Agreement”):

- Initial term of twenty (20) years, with one (1) five (5) year renewal term, by mutual agreement of the parties, pursuant to the terms and conditions of the agreement;
- Installation of a minimum of 200 and maximum of 250 bus shelters and ETA signs Citywide (as compared to OUTFRONT’s original proposal of a maximum of 200 bus shelters and ETA signs), including 40 double-sided digital advertising displays;
- Installation of up to 100 bus benches/leaning rails and 100 bicycle racks Citywide;
- Capital Expenditure (CapEx) commitment by OUTFRONT of \$25 million over a 20-year term or \$27 million over a 25-year term (If renewal term is exercised), as compared to originally proposed \$25 million over a 25-year term;
- Negotiated increase in Minimum Annual Guarantee (MG), in the amount of \$264,000 annually, payable \$66,000 quarterly, which is an increase from the initial proposal of \$96,000/year;
- In addition to MG, negotiated percentage of gross receipts (PG) payments during each phase of development;
- The MG and PG payments are estimated to provide the City between \$44 million (minimum 20-year term with a minimum of 200 shelters) and \$69 million (maximum 25-year term with a maximum of 250 shelters), for an overall increase in revenue shares, by a minimum of \$6 million, as compared to OUTFRONT’s original proposal;
- City and OUTFRONT agree that it is beneficial for both parties to spend the full amount of committed CapEx on the Program; however, if upon full deployment of the new bus shelters and other street furniture, the City has not utilized all of the total committed CapEx, upon the City’s request, the Concessionaire will seek in good faith to spend the unspent portion of such allocation on mutually agreed additional bus shelter structures that may benefit the Program; if, after such good faith discussions, any remaining portion of the CapEx commitment remains unspent, upon the City’s request, the Concessionaire will increase each subsequent quarterly guarantee payment such that the City benefits by fifty percent (50%) of the amount of the unspent CapEx; however, it is important to note that the likelihood of having unspent CapEx on this Program is very low;
- Agreement provides for a high level of maintenance of bus shelters. The City has negotiated that OUTFRONT pressure-wash up to 40 bus stops daily (except on weekends and holidays) to ensure the highest level of cleanliness at the City’s busiest bus stops;
- Agreement allows for the installation of additional digital advertising displays (in addition to the 40 proposed by OUTFRONT), subject to City Manager’s approval; per OUTFRONT, digital advertising generates 3-4 times more revenue than static advertising; and

- Allocation of digital and static advertising space for the City's use as follows:
  - 11% share-of-voice on OUTFRONT's digital inventory (i.e. total amount of time that all digital displays are available to the City for advertising at no charge plus any unsold space at no charge, as available);
  - 5% initial share-of-voice on OUTFRONT's static inventory, growing to 11% once the full digital deployment is complete; and
  - In the event of a public emergency, the City will have immediate access to 100% of OUTFRONT's entire digital inventory to assist with public communications; and

**WHEREAS**, the Agreement provides for a phased implementation described below along with key business terms:

**Phase 1:** During Phase 1, OUTFRONT will assume ownership of 95 existing bus shelters (Clear Channel will remove eight existing bus shelters that are located on inactive transit corridors). OUTFRONT will operate and maintain the 95 existing bus shelters and benches, sell advertisements, and provide 30% revenue share to the City;

Phase 1 will commence on October 1, 2021 and expire upon the commencement of Phase 2 of the Program, for a period not-to-exceed 12 months from October 1, 2021 (Commencement Date). OUTFRONT will not remit MG payment to the City for the first quarter of the first contract year to allow for Program "ramp-up";

**Phase 2:** Within six months from the Commencement Date of the Agreement, OUTFRONT will secure approval from the City Manager and any governmental approvals required for the design and installation of the new digital displays at up to 40 existing bus shelters. Additionally, OUTFRONT will commence installation of new bus benches and ETA signs at various existing bus stop locations;

Within 18 months from the Commencement Date, in close coordination with the City, OUTFRONT will develop the new bus shelter design. The design will be presented to the City Commission for review and approval. Once approved by the City Commission, OUTFRONT will seek DRB and HPB approvals and any other governmental approvals required for the design;

During this phase, OUTFRONT will continue to operate, maintain, and sell advertising on the existing bus shelters and provide 10% gross revenue share to the City. Phase 2 will terminate when deployment of digital displays at 40 bus shelter locations is completed, however, no later than 24 months from the Commencement Date, whichever occurs first;

**Phase 3:** During this phase, OUTFRONT will secure City Manager approval of a full-scale/in-field and operational bus shelter prototype. Once the prototype is approved, OUTFRONT will commence manufacturing/construction/installation, operation and maintenance of new bus shelters and other street furniture, while prioritizing bus stop locations that currently do not have shelters. OUTFRONT will continue to sell advertisements on the existing and new bus shelters and provide 10% gross revenue share to the City;

Phase 3 commences upon securing all requisite approvals for the design of new bus shelters and terminates when the full deployment of all new bus shelters is complete; however, no-to-exceed 48 months from securing such design approvals;

**Phase 4:** During this phase, OUTFRONT will continue to operate and maintain new bus shelters and other street furniture, sell advertisements on new bus shelters, and provide 20% gross revenue share to the City. Phase 4 commences when full deployment of new bus shelters is completed and terminates when the Agreement expires or is otherwise terminated pursuant to the terms of the Agreement; and

**WHEREAS,** the Agreement with OUTFRONT will result in the installation of premium bus stop amenities (minimum of 200 and maximum of 250 bus shelters and ETA signs), 100 bicycle racks and up to 100 bus benches; and

**WHEREAS,** the total value to the City including CapEx, revenue share and operating/maintenance cost is estimated to be between \$82.4 (20-year term with 200 shelters) and \$119.2 million (25-year term and 250 shelters); and

**WHEREAS,** all payments made by the OUTFRONT to the City will be inclusive of any required Florida State Sales and Use Tax(es), as applicable; and

**WHEREAS,** the City Manager recommends approving, in substantial form, the Concession Agreement, incorporated herein by reference and attached to the City Commission Memorandum accompanying this Resolution, containing the essential terms set forth in this Resolution.

**NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND THE CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA,** that the Mayor and City Commission hereby approve, in substantial form, an Agreement with Outfront Media Group LLC, pursuant to Invitation to Negotiate No. 2020-239-KB Revenue Sharing Agreement for the Construction, Operation, and Maintenance of Bus Shelters and Other Street Furniture at designated locations citywide, for an initial term of twenty (20) years and one (1) five (5) year renewal option, exercisable by mutual agreement of the parties; and further authorize the City Manager and City Clerk to execute the final Agreement.

**PASSED and ADOPTED** this 17<sup>th</sup> day September 2021.

**ATTEST:**

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Dan Gelber, Mayor

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Rafael E. Granado, City Clerk

APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

\_\_\_\_\_  
City Attorney *mg* 9-13-21  
Date