

75964

TO: Board of Acquisition and Contract

FROM: Hugh J. Greechan, Jr., P.E.
Commissioner of Public Works and Transportation

DATE: April 10, 2020

RE: Authority to amend a license agreement with HFT Management, Inc. d/b/a Gateway Outdoor Advertising for advertising on designated County of Westchester's Transit Vehicles for an initial five (5) year term commencing on January 1, 2017 and continuing through December 31, 2021, by reducing the amount of the license fee owed to the County by \$300,000 per year commencing retroactive to January 1, 2019 and continuing through December 31, 2021 (Agreement No. DOTOP11-16)

By resolution approved on September 15, 2016 (the "September 15th Resolution"), your Honorable Board authorized the County of Westchester (the "County"), acting by and through its Department of Public Works & Transportation (the "Department"), to enter into a license agreement (the "Agreement") with HFT Management, Inc. d/b/a Gateway Outdoor Advertising ("HFT"), pursuant to which the County granted HFT an exclusive license to sell advertising on the Bee-Line Bus System (the "Buses"), both the interior and exterior, for an initial five (5) term commencing January 1, 2017 and terminating December 31, 2021 (the "Initial Term"), with a County option to renew the agreement for one additional five (5) year period. The September 15th Resolution further provided that in consideration for the grant of license, HFT would pay the County an aggregate license fee of Five Million Four Hundred Thousand (\$5,400,000.00) Dollars over the initial five (5) year term, payable on a monthly basis at the annual amounts set forth below:

Year One -	\$925,000
Year Two -	\$1,000,000
Year Three -	\$1,075,000
Year Four-	\$1,150,000
Year Five-	<u>\$1,250,000</u>
Total	\$5,400,000

Beginning in early 2019, the Department began installing bicycle racks on the front of the Buses. This action prevented HFT from using this space to sell advertising and resulted in lost revenue opportunities for HFT. According to HFT, the value of the front advertising panel is some \$300K per year. In an effort to offset its revenue losses, beginning in early 2019, HFT began deducting \$25,000 from its monthly license fee payments to the County.

The parties have agreed that in order to make HFT fully and completely whole for its revenue losses, the County will formally agree to a \$300,000 reduction in the annual License Fee, retroactive to the beginning of 2019 (Year 3 of the Agreement) and continuing for the balance of the Initial Term.

Accordingly, authority is respectfully requested to amend the Agreement with HFT in order to reduce the annual license fee owed to the County by \$300,000, retroactive to the beginning of 2019 (Year 3 of the Agreement) and continuing for the balance of the Initial Term, payable monthly in the annual amounts set forth below:

Year One -	\$925,000
Year Two -	\$1,000,000
Year Three -	\$775,000
Year Four-	\$850,000
Year Five-	<u>\$950,000</u>
Total	\$4,500,000

Except as otherwise specifically amended hereby, all remaining terms and conditions of the Agreement shall remain in full force and effect upon the parties.

A resolution for your consideration is annexed hereto.

HJG/JN/jpg
Attachment

APPROVED BOARD OF ACQUISITION & CONTRACTS 05/07/2020 - LISA MRIJAJ, SECRETARY

RESOLUTION

Upon communication from the Commissioner of Public Works and Transportation, be it hereby

RESOLVED, that the County of Westchester (the "County") is authorized to amend a license agreement (the "Agreement") with HFT Management, Inc. d/b/a Gateway Outdoor Advertising ("HFT"), pursuant to which the County granted HFT an exclusive license to sell advertising on the Bee-Line Bus System, both the interior and exterior, for an initial five (5) year term commencing on January 1, 2017 and terminating December 31, 2021, in exchange for which HFT agreed to pay the County a total license fee of \$5,400,000, payable monthly in the annual amounts set forth below, by reducing the total license fee by \$300,000 per year for the period from January 1, 2019 thru December 31, 2021, for a new total license fee of \$4,500,000, payable monthly in the new annual amounts set forth below:

<u>Original Amount</u>	<u>Amended Amount</u>
Year One - \$925,000	Year One - \$925,000
Year Two - \$1,000,000	Year Two - \$1,000,000
Year Three - \$1,075,000	Year Three - \$775,000
Year Four- \$1,150,000	Year Four- \$850,000
Year Five- <u>\$1,250,000</u>	Year Five- <u>\$950,000</u>
Total \$5,400,000	Total \$4,500,000

; and be it further

RESOLVED, that except as otherwise specifically amended hereby, all remaining terms and conditions of the Agreement shall remain in full force and effect upon the parties; and be it further

RESOLVED, that the County Executive or his authorized designee is hereby authorized and empowered to execute and deliver all instruments and take all actions necessary or appropriate to effectuate the purposes of this Resolution.

Agreement No. DOTOP11-16

Account to be Charged/Credited	Fund	Dept.	Major Program, Program & Phase or Unit	Object/ Sub Object	Trust Account	Dollars
	101	44	2100	9289		\$925,000.00 (Year One)
	101	44	2100	9289		\$1,000,000.00 (Year Two)
	101	44	2100	9289		\$775,000.00 (Year Three)
	101	44	2100	9289		\$850,000.00 (Year Four)
	101	44	2100	9289		\$950,000.00 (Year Five)

Budget Funding Year(s): 2017 - 2021 Start Date: January 1, 2017 End Date: December 31, 2021
 (must match resolution)

Funding Source: Tax Dollars N/A
 State Aid N/A

\$4,500,000.00 Federal Aid N/A
 (must match resolution) Other Revenue