

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 8/10/2022

Staff Report No. 18-211h

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Transit Shelter Contract Update

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Receive an update on transit shelter contracting scenarios, associated cost estimates, and local jurisdiction contributions and consider approving the following:

- Contracting transit shelter maintenance with a third-party contractor and retaining ownership of shelters, with potential funding from local jurisdictions.
- Issuance of a solicitation for shelter maintenance services.

STRATEGIC IMPORTANCE:

Goal - Convenient and Reliable Service

Initiative - Service Quality

All transit rides begin and end at the bus stop. Whether you are walking by a bus stop or waiting at one, bus stop furniture—such as shelters and benches—plays a critical role in the quality of the customer experience. Bus stop furniture provides clear visual markers for customers looking to catch the bus, shelter from the elements, and information on when the next bus is arriving. Shelters and benches also provide a place for people to rest—surfaces to sit or lean on when waiting for the bus.

Bus stops are where the public space intersects with transit service. Well maintained and accessible bus stops depend on a mutually beneficial relationship between AC Transit and the local jurisdictions. Finally, bus stop furniture sends a message to the public about AC Transit. A clean, safe, and informative bus stop suggests that riding the bus is a practical, appealing, and easy alternative to driving and parking and acknowledges that bus riders deserve a dignified transit experience.

Bus stop furniture only enhances the rider experience at bus stops when there is a well-managed, effective, and responsive program for shelters, benches and other bus stop elements that includes thorough maintenance and repairs. The proper contracting scenario is key to a successful program.

BUDGETARY/FISCAL IMPACT:

The original 1999 Transit Shelter Agreement was a non-monetary contract, meaning the contractor used

transit shelter advertising revenue to pay for maintenance and capital expenses, at no cost to the District.

Amendment No. 9 to the 1999 Transit Shelter Agreement was a sole-source amendment costing \$652,000 for Clear Channel Outdoor Advertising (CCO) maintenance services from April 1, 2022, to March 31, 2023. The Amendment No. 9 includes a 50% advertising revenue share with the District. Advertising revenue and contract cost information can be found in the presentation in Attachment 3. Under the original agreement and the current amendment, Clear Channel owns and is liable for the transit shelters.

Potential Future Costs:

After Amendment No. 9 ends, the District will need to decide how it will proceed with shelter maintenance and ownership. There are several options that are expanded upon in this staff report:

- Hiring a third-party contractor is estimated to cost annually anywhere from **\$3.2 - \$3.6 million** in current year dollars.
- Hiring in-house staff could cost anywhere from **\$5.7 - \$6.4 million** per year and require anywhere from 23 to 28 new staff. This also means identifying where to store parts, navigating jurisdiction's permitting and easement processes, and purchasing new equipment, vehicles, and bus stop furniture.
- Removing all shelters in the program, which would cost approximately **\$405,000** through a third-party contractor.

These cost estimates are based on the existing 270 transit shelters and unit costs from the District's Tempo Bus Rapid Transit Maintenance Contracts. In addition, these are first year costs that could change depending on inflation. There are also hybrid scenarios that would fall within the range of costs identified above. Costs for benches are outlined in the Alternatives Analysis of this report.

BACKGROUND/RATIONALE:

The 1999 Transit Shelter Agreement, is an agreement between AC Transit and Clear Channel Outdoor Advertising (CCO) for all maintenance and capital work at shelters in exchange for revenue-generating advertising space on the shelters. Under this arrangement, AC Transit staff administers the contract and facilitates coordination with local jurisdictions who issue permits for the transit shelters in their right-of-way.

In late 2019, the District began negotiating a new Transit Shelter Agreement with CCO until the COVID-19 pandemic hit in March 2020. In anticipation of likely economic impacts, the District and CCO agreed to execute several amendments to extend the 1999 Transit Shelter Agreement's maintenance and capital services for all transit shelters included in the program. In late 2021, the AC Transit Board of Directors authorized the General Manager to enter into a 12-month sole-source contract amendment with CCO (Amendment #9). The term of the amendment is from April 1, 2022, through March 31, 2023 and, costs the District approximately \$652,000 for maintenance and repairs, not including the 50% share in advertising revenue.

Prior to Amendment No. 9, the contract was a non-monetary contract, meaning the contractor used advertising revenue to pay for maintenance and capital expenses. At the start of the contract, advertising revenue generated from transit shelters was lucrative. However, with advertising moving to online and digital, CCO is no longer interested in continuing in the non-monetary contract model. This means that the District and its jurisdiction partners must develop a different model for the shelter program in the long-term.

Contract Scenarios and Cost Estimates

When Amendment No. 9 of the Transit Shelter Contract ends on March 31, 2023, the District needs to decide how it will proceed with shelter maintenance and ownership. Below is a summary of contracting options presented at the October 2021 Board Meeting. The costs have been updated to reflect the existing number of shelters (270), cleaning twice per week, and power washing once per month. Costs are based on Tempo Bus Rapid Transit maintenance contract costs (including prevailing wages) and do not include advertising revenue share and potential financial contributions from local jurisdictions. In addition, these are first year costs that could change depending on inflation:

- **Third-Party Contractor:** Contract out maintenance to a third-party contractor for an estimated **\$3.2 - \$3.6 million**. This includes maintenance costs, capital costs, and staff costs for the Assistant Facilities Manager.
- **In-House:** Maintain the transit shelters with in-house staff for an estimated **\$5.7 - \$6.4 million**. This includes maintenance costs, capital costs, and hiring 23 - 28 new staff. The District currently does not have the infrastructure, resources, or staffing for this.
- **Removal:** Remove all shelters and end the program, which would cost approximately \$405,000 through a third-party contractor. This includes removal, disposal, and reconstructing any right-of-way and sidewalks, as needed.

Under the first two scenarios, there could be a combination of keeping existing shelters, removing shelters (~\$1,500 per removal), and replacing some shelters with benches to keep costs down. For a detailed breakdown of contract scenario costs, see Attachment 2.

Finally, staff are coordinating with other transit agencies to identify funding resources and joint procurement opportunities to maintain transit shelters across multiple transit districts. Like AC Transit, many transit agencies are also challenged to maintain their bus stop furniture, including shelters and benches, in a way that provides a dignified experience for bus riders. While there are not commitments for formal collaboration at this point, a joint program with multiple transit agencies is a possibility in the long term.

Local Jurisdiction Participation

Staff held three meetings in the last two months with local jurisdiction staff to discuss the future structure of transit shelter maintenance and ownership after Amendment No. 9 ends on March 31, 2022. Jurisdictions were asked to decide on the following three options:

- Option 1: Remove the transit shelters in their jurisdiction, which are under the jurisdiction's permits/easements.
- Option 2: Take on ownership and maintenance of the shelters in their jurisdiction.
- Option 3: Reimburse AC Transit to administer all future maintenance contracts.

Staff also discussed ownership with local jurisdiction staff. Since local jurisdictions currently issue permits to CCO to operate transit shelters in their right-of-way, ownership would default to the local jurisdictions at the end of the Amendment No. 9, unless the jurisdictions transfer ownership.

Details about the local jurisdiction responses can be found in Attachment 1. Please note that this does not include the City of Oakland (~110 shelters), the City of Emeryville (~6 shelters), or the City of Alameda (~80

shelters) which manage their own transit shelter programs.

Overall, staff for most jurisdictions are interested transferring ownership to the District and subject to respective City Council approval, reimbursing the District for a portion of program costs. Jurisdiction contributions may cover only a portion of the costs and are subject to City Council approval. New funding and transfer of ownership/liability agreements will also need to be confirmed with the local jurisdictions and approved by the respective jurisdiction's City Council.

Recommendation

Due to the urgent timeline, staff recommends contracting out transit shelter maintenance and retaining ownership of shelters, with the exception of jurisdictions, such as the City of Newark, who may be willing to take maintenance and ownership on in-house. The recommendation also includes a request for approval to solicit for the maintenance contract.

Next Steps

If the Board approves the above recommendation, staff will then return to the Board for contract award approval in late 2022/early 2023. In the immediate term, staff is securing funding agreements and transfer of ownership agreements with the local jurisdictions to help fund the future transit shelter maintenance contract costs.

ADVANTAGES/DISADVANTAGES:

There are advantages and disadvantages to each of the contracting scenarios identified by staff:

Third-Party Contractor:

- Advantages
 - Uncouples maintenance costs from advertising revenue, so that maintenance quality is not tied to how much advertising revenue is received by the contractor.
 - More control and tracking of maintenance and capital work, including shelter installations, relocations, and updates to public information (such as maps, fares, holiday notices, and schedules).
 - More affordable option than in-house.
- Disadvantages
 - Would require significant financial investment and staff time to administer up to three contracts - maintenance, repairs/installations and advertising

In-House:

- Advantages
 - Full control and tracking of maintenance and capital work, including shelter installations, relocations, and updates to public information (such as maps, fares, holiday notices, and schedules).
- Disadvantages
 - Financial investment increases with the in-house options, creating a tradeoff with other District expenses such as the cost to provide bus service, especially given the scarce operating dollars available.

- An in-house program requires dedicated yard space and infrastructure for storage of shelters, trucks, dedicated inventory, and other shelter related materials.
- Staff would need to develop multiple systems to properly manage the program.
- Would require a phased approach over many years in order to identify the funds and hire at least 23 - 28 new staff.

Remove all Shelters:

- Advantages
 - While it is true that the District will no longer have to manage a transit shelter contract and could save money, there are no advantages to the customer with this option.
- Disadvantages
 - Bus riders deserve to have a dignified experience at their bus stops. Removing shelters means removing places for people to sit when waiting for the bus or shelter, especially in inclement weather or sunny days. It also means removing access to public information such as maps, schedules, fares, and real-time signage
 - Removing shelters will likely be unpopular with stakeholders, transit advocates, bus riders and the public.

ALTERNATIVES ANALYSIS:

Staff identified the following alternatives to their recommendation for board consideration. Staff do not recommend these alternatives because they either remove shelters or increase cost and resources for the District.

The first alternative is to remove all shelters and pursue a bench program with a third-party contractor, which would cost approximately \$1.1 - \$1.3 million dollars per year. This includes maintenance and capital costs. Contractor and staffing costs may vary due to inflation and whether it is in-house or contracted out. For a full break-down of the cost for this alternative, see Attachment 2.

Another alternative would be to pursue an in-house program. The District currently does not have the infrastructure, resources, or staffing for this. However, achieving an in-house program could be phased-in over many years. In order to pull off a partial or full in-house transit shelter program the District would have to plan for and do the following:

- Finance: Staff would need to identify an estimated \$6 million in capital and operating funds within a short time frame.
- Maintenance, Infrastructure and Facilities: Staff would need to hire and train an entirely new maintenance division and identify on-site space for storing shelters, trucks, materials, and supplies. Staff would also need to establish new processes for ordering shelters, repairing glass and electricity, cleaning graffiti, installing real-time signage, and disposing of additional trash. Staff would have to work with IT to track the work done in the maintenance software system and provide reporting.
- Insurance/Liability: Staff would need to work with insurance providers to identify the risks (i.e. types of injuries, quality of maintenance, etc.) and premiums for owning shelters. The District may need take on the cost of those risks in any scenario involving shelter ownership.
- Marketing and Communication: The District would need to hire additional staff to install public

information including maps, schedules, and holiday information. Staff would also explore combining advertising contracts with existing ones.

- Construction and Permitting: Staff would need to contract out construction work, navigate multiple city permitting processes and likely experience long delays dealing with utility companies. Costs may vary in order to make electrical connections or to meet ADA compliance.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR18-211h - AC Transit Bus Stop Furniture Guidelines

SR18-211g - Transit Shelter Contract Update

SR18-211f - Transit Shelter Contract Update

SR18-211e - Transit Shelter Contract Update

SR18-211d - Transit Shelter Contract Update

SR18-211c - Transit Shelter Contract Update - 2021 Bridge Contract

SR18-211b - Transit Shelter Contract Update

SR18-211a - 2020 Transit Shelter Advertising Contract

ATTACHMENTS:

1. Local Jurisdiction Responses
2. Contract Scenarios and Cost Estimates
3. Transit Shelter Update Presentation

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