

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 5/27/2020

Staff Report No. 18-211b

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

BRIEFING ITEM

RECOMMENDED ACTION(S):

Consider receiving a report on the status of the District's contract with Clear Channel Outdoor (CCO) to install and maintain transit shelters throughout the AC Transit service area.

STRATEGIC IMPORTANCE:

Goal - Convenient and Reliable Service
Initiative - Service Quality

All transit trips begin at the bus stop so shelters play a critical role in the quality of the customer experience at those bus stops. Shelters provide a safe, attractive place for customers to wait for the bus and create a clear visual marker for customers to know where to catch the bus. Ensuring a strong, up-to-date transit shelter contract will help meet the District's Strategic Goals and Initiatives.

BUDGETARY/FISCAL IMPACT:

The 1999 Transit Shelter Contract is a non-monetary asset, which means advertising on bus stops/transit shelters should generate sufficient revenue for CCO to perform all duties laid out in the contract. The contract includes an administrative fee of \$123,000 paid by CCO to the District. The annual fee has traditionally been adjusted for inflation per the local Consumer Price Index.

However, given the recent economic challenges connected to the COVID-19 pandemic, CCO is proposing a \$30,000.00 administrative fee for the remainder of the 2020 calendar year (effective March 20-December 20).

It is important to note the contract would continue to be a non-monetary asset so the District will still not be required to pay CCO any money for the services provided under the Contract.

BACKGROUND/RATIONALE:

On November 13, 2019, the AC Transit Board of Directors awarded a contract to CCO Advertising (CCO) for the design, supply, construction, and maintenance of advertising and non-advertising transit shelters. The proposed term of the contract is for five years, with three five-year options.

After this, the District (on behalf of the Joint Powers Authority (JPA)) began negotiating a 2020 contract with CCO. The JPA includes the County of Alameda and the Cities of Albany, Berkeley, Fremont, Hayward, Newark,

Oakland, Richmond, San Leandro, and San Pablo (Participating Entities).

The 1999 Transit Shelter Contract with Clear Channel Outdoor (CCO) was set to expire on December 31, 2019. To secure more time for negotiating the best contract possible, a third amendment to the 1999 Transit Shelter Contract was signed, extending the contract term to March 31, 2020.

The goal was to finalize a contract by early spring. However, near the end of the third amendment, due to extenuating circumstances surrounding COVID-19, CCO proposed a fourth amendment to the 1999 Transit Shelter Contract. Under this amendment, CCO proposed the following:

- Extend the 1999 Transit Shelter Contract to December 31, 2020 as a bridge agreement until the District and CCO can negotiate a long-term agreement as originally approved by the Board.
- Change the administrative fee to \$30,000.00 for the duration of the fourth amendment.
- Continue to adhere to all other terms laid out in the 1999 Transit Shelter contract, including shelter maintenance.

CCO cites preparation for an anticipated recession and financial planning decisions as reasons for this proposed fourth amendment. Based on conversations with CCO and the current economic climate, District staff believe it would be difficult to secure a new contract with favorable terms in the next several months.

Therefore, District staff recommends proceeding with a fourth amendment executed under the General Manager's authority, including CCO's proposed terms in addition to terms requested by JPA members. District staff held three (3) videoconference sessions with JPA representatives who asked questions and provided feedback on the fourth amendment. The JPA wants to see continued maintenance of shelters reflected in the following proposed terms:

- CCO to improve maintenance reporting and provide the following documents:
 - Maintenance Operation Protocols (MOPs): MOPs show who/what/where/when of maintenance and includes before and after photos; this is also an existing system CCO uses with Santa Clara Valley Transportation Authority; this should be made available to District Staff on a continual basis.
 - Quarterly Revenue Reports and Annual Financial Reports: These reports show advertising revenue per quarter and per year; these reports should be made available to District Staff on a regular basis.
 - Transit Shelter Inventory: This lists all shelter assets and their locations; CCO staff already provide this to District Staff and should continue to do so.
- CCO to fix a list of outstanding shelters that require repair (Att. 1).

Overall, the JPA approves of the fourth amendment terms and timeline set forth by the District and CCO. During the term of the fourth amendment, District Staff will continue to negotiate a new, long-term transit shelter contract in good faith with CCO. Negotiation terms will include: an ADA compliant, well-lit, shaded shelter design; options for solar panels and/or digital screens; liquidated damages; a maintenance deposit; an annual administrative fee; improved maintenance protocols; and overall capital investment into refurbishing and replacing old shelters.

ADVANTAGES/DISADVANTAGES:

The primary advantages of moving forward with a fourth amendment are:

- The terms laid out in the fourth amendment will help ease the transition into a new contract by establishing communication protocols for District Staff to administer the contract, including increased access to maintenance information for the Participating Entities.
- The fourth amendment will give District Staff and CCO more time to negotiate a contract that best meets the needs of the District and the Participating Entities. The goal is to have a new contract in place by 2021.

The disadvantage associated with this are a delay to overall improvements to the Transit Shelter Program.

ALTERNATIVES ANALYSIS:

An alternative would be to complete negotiations for a new transit shelter contract. However, CCO seems unwilling to move forward with this alternative because of the financial implications, which could leave the District and CCO out-of-contract, with no one to maintain shelters. Staff does not recommend this alternative.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 18-211a - 2020 Transit Shelter Advertising Contract Award

ATTACHMENTS:

1. Outstanding Shelter List

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