

To: Administration & Finance Committee

Date: 03/31/2021

From: Ruby Horta, Director of Planning & Marketing

Reviewed by: WC.

SUBJECT: Bus Advertising Second Amendment

Background:

County Connection entered into an agreement with Vector Media for the purpose of providing bus advertising services. The agreement established minimum annual guarantees (MAG) as follows: Year 1 - \$525,000, Year 2 - \$575,004, Year 3 - \$625,008, plus two additional one-year terms. Prior to COVID-19, Vector Media was submitting monthly payments of \$43,750, as agreed.

In October 2020, the Board approved Resolution No. 2021-012 reducing the MAG to a revenue share of fifty-five percent (55%) of actual monthly billings rather than the previously agreed upon MAG. Ad sales plummeted in early 2020 due to the Shelter-in-Place orders imposed throughout the region, and later across the nation. Based on an optimistic outlook, Vector expected to be able to return to Year 2 MAG on January 1, 2021.

Extension Request:

Vector has contacted County Connection staff requesting an extension of the reduced revenue share from January 1, 2021 to June 30, 2021. Vector has been providing the agreed upon monthly sales report and staff recognizes that returning to the original MAG would pose additional financial hardships for Vector.

Staff may extend the reduced revenue share beyond June 30, 2021, if ad sales have not recovered. The goal is to return to Year 2 MAG once Vector Media bills more than \$79,545 for two consecutive months.

Financial Implications:

Reduction in revenues generated through bus advertising, extended at least through June 30, 2021.

Action Requested:

Staff recommends that the A&F Committee forward the proposed amendment to the Board for approval.

Attachments:

Attachment 1: Vector Media Letter



March 30, 2021

County Connection
Attn: Ruby Horta
2477 Arnold Industrial Way
Concord, CA 94520

Dear Ruby:

Thank you for speaking with me yesterday regarding the extension of revenue share agreement due to the ongoing effects on advertising sales during the COVID-19 pandemic. We greatly appreciate your continued flexibility throughout our partnership.

As we discussed, we would like to propose an extension of the revenue share agreement from January 1, 2021 through July 1, 2021. During this period, Vector Media will pay the contractually described revenue share of fifty-five (55%) percent on monthly billings. Vector would make the scheduled payment based on gross revenues that have been billed in the prior month by the 20th of each successive month. The MAG would be fully abated during this time period.

Additionally, in the interest of total transparency, Vector will provide County Connection with monthly reports from our sales tracking software that will display the pipeline of probable sales and estimated billings for future months. If County Connection desires more frequent updates regarding our sales pipeline, Oliver Berman will be happy to provide this to you.

It is our goal that upon July 1, 2021, the monthly MAG of \$47,917 will be reinstated. However, given the uncertainties regarding the end of this pandemic, future shutdowns or the speed of an economic recovery following the Covid-19 crisis, it is possible that Vector will seek additional relief, as per the Changes clause of Section 8.

Please let me know if there are any questions or concerns and once again, we appreciate your partnership and look forward to working with you for years to come.

Sincerely,

A handwritten signature in black ink that reads "Logan Mayer". The signature is written in a cursive, flowing style.

Logan Mayer
Sr. Director of Strategic Partnerships