

To: Board of Directors

Date: 04/07/2021

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. Any extension requested by the vendor beyond December 31, 2021 must be reviewed by the A&F Committee.

Financial Implications:

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

Action Requested:

The A&F Committee and staff recommend Board approval of Resolution No. 2021-023.

Attachments:

Attachment 1: Vector Media Letter

Attachment 2: Resolution No. 2021-023



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

RESOLUTION NO. 2021-023

**BOARD OF DIRECTORS, CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA**

* * *

**AUTHORIZING SECOND AMENDMENT OF CONTRACT TO PROVIDE BUS ADVERTISING SERVICES
WITH VECTOR MEDIA HOLDINGS CORP.**

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, and Walnut Creek, and the Towns of Danville and Moraga (hereinafter “member jurisdictions”), have formed the Central Contra Costa Transit Authority (CCCTA), a joint exercise of powers agency created under California Government Code Sections 6500, *et seq.*, to provide coordinated and integrated public transportation services within the area of such member jurisdictions;

WHEREAS, on October 17, 2019, CCCTA awarded a three-year contract to Vector Media Holdings Corp. (Contractor) for the purpose of providing bus advertising services (Agreement), for which CCCTA would be paid based upon a percentage of gross revenues and a minimum annual guarantee;

WHEREAS, as a result of the COVID-19 outbreak and subsequent shelter in place orders issued by the public health officers of seven Bay Area jurisdictions, the Contractor's advertising revenue has been significantly impacted;

WHEREAS, the Agreement provides a mechanism for the Contractor to request changes to the compensation due to CCCTA as a result of unforeseen circumstances;

WHEREAS, in April 2020, the Contractor availed itself of this mechanism and requested CCCTA consider reducing the compensation due to CCCTA as a result of the impacts of the COVID-19 pandemic, which the Board approved pursuant to Resolution No. 2021-012.

WHEREAS, the Contractor has requested that the revised compensation methodology be continued through June 30, 2021 due to lack of improvement in advertising revenue.

WHEREAS, CCCTA has analyzed the Contractor's request and has determined the request is reasonable and justified under these circumstances; and

WHEREAS, staff recommends, and the Administration and Finance Committee concurs, that the Contractor's guaranteed compensation continue to be calculated at a revenue share of 55% of gross revenue, with no minimum annual guarantee, with the understanding that original compensation structure will be reinstated on July 1, 2021, unless the General Manager agrees that the revised compensation structure should be extended until December 31, 2021, due to ongoing impacts of COVID-19.

NOW THEREFORE BE IT RESOLVED that the Central Contra Costa Transit Authority Board of Directors hereby authorizes the General Manager, or his designee, to execute an amendment to the Agreement with Vector Media Holdings Corp. to adjust the compensation structure to a revenue share of 55% of gross revenue, with no minimum annual guarantee, with the understanding that original compensation structure will be reinstated on July 1, 2021, unless the General Manager agrees that the revised compensation structure should be extended until December 31, 2021, due to ongoing impacts of COVID-19.

Regularly passed and adopted this 15th day of April 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Keith Haydon, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board