

To: Board of Directors

Date: 03/24/2022

From: Melody Reeb, Director of Planning, Marketing, & Innovation

Reviewed by: *Ref*

SUBJECT: Bus Advertising Third Amendment

Background:

In January 2020, County Connection entered into an agreement with Vector Media to provide 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 option terms. Prior to COVID-19, Vector Media was submitting monthly payments of \$43,750 per the agreement.

Ad sales plummeted in early 2020 due to the Shelter-in-Place orders imposed throughout the region, and later across the nation. In October 2020, the Board approved Resolution No. 2021-012, adjusting the compensation structure to a revenue share of fifty-five percent (55%) of actual monthly billings rather than the previously agreed upon MAG. In April 2021, the Board approved Resolution No. 2021-023, which extended the reduced revenue share through December 31, 2021.

Extension Request:

Vector Media has contacted County Connection staff requesting another extension of the reduced revenue share from January 1, 2022 through December 31, 2022. Vector has been providing the agreed upon monthly sales report, and although billings have been increasing over the last few months, staff recognizes that returning to the original MAG would pose additional financial hardships for Vector. The requested extension would go until the end of the initial three-year contract, after which County Connection can exercise one of the two one-year options or release a Request for Proposals (RFP) for a new contract.

Financial Implications:

Advertising revenues will be reduced through December 31, 2022. Over the past six months, County Connection's revenue share based on the modified structure has been about half of the MAG.

Recommendation:

The A&F Committee and staff recommend that the Board approve an amendment to the contract with Vector Media to extend the revised compensation structure of 55% of gross revenue with no MAG through December 31, 2022.

Action Requested:

The A&F Committee and staff request that the Board adopt Resolution No. 2022-026.

Attachments:

Attachment 1: Letter from Vector Media dated March 2, 2022

Attachment 2: Resolution No. 2022-026

VECTOR MEDIA

560 Lexington Avenue
New York, NY 10022
www.vectormedia.com



March 2, 2022

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

Dear Ruby:

Thank you again for your continued partnership with Vector Media.

Unfortunately, transit advertising revenues across the country continue to be well below pre-COVID levels despite best efforts. In fact, the most recent data published by the Outdoor Advertising Association of America (“OAAA”) reported that transit advertising nationwide was still down 61% in Q2/2021 vs Q2/2019, with large metropolitan cities and their surrounding areas like NYC, Los Angeles, Chicago and San Francisco being most impacted.

Despite our best intentions to return to the monthly guaranteed amount, we are requesting an extension of our revenue share agreement whereby we pay County Connection 55% of monthly billings from January 1, 2022 through December 31, 2022. We will continue to provide you with monthly sales revenue reports so that you are aware of revenues booked and potential revenues moving forward.

Once again, we greatly appreciate your understanding and patience as we hope to see progress as the year goes on. Please let me know when a convenient time would be to discuss as we strive to continue to be as transparent as possible.

Sincerely,

A handwritten signature in black ink that reads "Logan Mayer".

Logan Mayer
VP, Business Development & Strategic Partnerships

RESOLUTION NO. 2022-026

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

* * *

**AUTHORIZING THIRD 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, 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. 2021-12 and Resolution No. 2021-23;

WHEREAS, the Contractor has requested that the revised compensation methodology be continued through December 31, 2022 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 through December 31, 2022, at which time CCCTA can either exercise one of the two one-year option terms or release a Request for Proposals ("RFP") to identify a new contractor.

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, through December 31, 2022, due to ongoing impacts of COVID-19.

Regularly passed and adopted this 21st day of April 2021, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Dave Hudson, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board