

To: Administration & Finance Committee

Date: 09/27/2020

From: Ruby Horta, Director of Planning & Marketing

Reviewed by: WC.

SUBJECT: Bus Advertising 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.

Decreased Advertising Sales:

The COVID-19 pandemic has negatively impacted ad sales. In communicating with the finance and planning staff, Vector Media has requested an adjustment to their MAG. Beginning on April 1, 2020 and continuing through the end of the year, Vector Media proposes to pay a revenue share of fifty-five (55%) percent of actual monthly billings rather than the previously agreed upon MAG. If Vector Media bills more than \$79,545 for two consecutive months prior to the end of 2020, the contract MAG will be reinstated. Vector has agreed to provide monthly sales report to ensure full transparency.

The goal is to return to Year 2 MAG on January 1, 2021. However, if the economy does not recover it is possible that additional relief would be proposed in 2021.

Financial Implications:

Reduction in revenues generated through bus advertising in Year 1 of the agreement with Vector Media.

Action Requested:

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

Attachments:

Attachment 1: Vector Media Letter

VECTOR MEDIA

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



September 18, 2020

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

Dear Ruby:

Thank you for speaking with us earlier regarding COVID-19 and its effects upon transit advertising sales. Along with describing our proposed revenue share based payments and providing a timeline for the reinstatement of MAG payments, we have included a plan for proactive communication as the situation surrounding this pandemic evolves.

Beginning on April 1, 2020 and continuing through the end of the year, Vector Media proposes to 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.

Like County Connection, Vector hopes that monthly sales will trend towards pre-Covid levels by the end of 2020. If Vector bills more than \$79,545 (\$43,750 divided by 55%) for two consecutive months prior to the end of 2020, we would reinstate the contract MAG of \$43,750 per month, unless conditions in the market and related to the pandemic recur or deteriorate.

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 intention that as of January 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 in 2021, as per the Changes clause of Section 8.

Sincerely,

Tom McNaught
Sr. Director of Strategic Partnerships