

**To:** Operations & Scheduling Committee

**Date:** 12/22/2021

**From:** Melody Reeb, Manager of Planning

**Reviewed by:** *Ref*

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**SUBJECT: Advertising Contracts**

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**Background:**

At the last meeting, the Operations and Scheduling Committee requested additional information about County Connection's bus stops and amenities, including shelters and advertising contracts. County Connection serves over 1,200 stops. However, County Connection does not have purview over the public right-of-way and works with cities and the County via the encroachment permit process to install, remove, or relocate bus stops as needed. The County and cities in County Connection's service area have bus shelter advertising agreements with Outfront Media, which also includes shelter maintenance and operations. In addition, County Connection has a contract with Vector Media for advertising on vehicles.

**Shelter Ads:**

Four cities and the County have bus shelter advertising contracts with Outfront Media, which originated from a master agreement with County Connection in 1994. The cities of Concord, Martinez, Pleasant Hill, and San Ramon each have their own agreements for shelters within their jurisdictions, while the County's agreement covers the remaining shelters in County Connection's service area, including the ones in unincorporated parts of the County and in cities that do not have ad shelters.

Under the agreements, Outfront Media provides bus shelter advertising at designated locations, and the jurisdictions receive a portion of the advertising revenue. Outfront Media is also responsible for maintaining all bus shelters within County Connection's service area, including those without advertising. Maintenance includes cleaning, trash and graffiti removal, and repairing any damage.

The contracts between Outfront Media and the jurisdictions have slightly differing provisions, such as the contract term, shelter quantities, revenue sharing, and advertising policy. While the city of Concord renewed their contract in 2017, the contracts with the other jurisdictions have been extended. The original contracts had a 15% revenue share with a monthly \$80/shelter minimum guarantee. However, the city of Concord's amendment increased their share to 25%

but removed the guarantee. Finally, all contracts have some restrictions on advertising content, although the specifics vary between jurisdictions.

Not surprisingly, COVID-19 has had a significant impact on ad revenues. In 2020, total revenues were about half of what they had been in 2019, and minimum payments were temporarily suspended.

| Jurisdiction                                   | Total Shelters | Ad Shelters | Total Ad Revenue |                  | Jurisdiction Revenue Share |                 |
|--|----------------|-------------|------------------|------------------|----------------------------|-----------------|
|  |                |             | 2019             | 2020             | 2019                       | 2020            |
| Contra Costa County<br><i>(unincorporated)</i> | 12             | 11          | \$60,590         | \$30,406         | \$9,088                    | \$5,231         |
| Danville                                       | 4              | --          | --               | --               | --                         | --              |
| Lafayette                                      | 3              | --          | --               | --               | --                         | --              |
| Moraga   | 8              | --          | --               | --               | --                         | --              |
| Orinda   | 6              | --          | --               | --               | --                         | --              |
| Walnut Creek                                   | 20             | --          | --               | --               | --                         | --              |
| Concord  | 18             | 14          | \$61,904         | \$39,066         | \$14,626                   | \$7,088         |
| Martinez                                       | 11             | 7           | \$58,667         | \$24,724         | \$8,800                    | \$3,709         |
| Pleasant Hill                                  | 23             | 8           | \$53,408         | \$27,138         | \$8,011                    | \$4,071         |
| San Ramon                                      | 27             | 13          | \$82,050         | \$37,945         | \$12,307                   | \$6,877         |
| <b>TOTAL</b>                                   | <b>132</b>     | <b>53</b>   | <b>\$316,619</b> | <b>\$159,279</b> | <b>\$52,833</b>            | <b>\$26,975</b> |

*Excludes inactive stops, BART stations, and shelters in jurisdictions outside of Central County (e.g., Dublin, Antioch).*

### **Bus Ads:**

The current bus advertising contract with Vector Media began in January 2020 and has a term of three years with two one-year options. County Connection previously had a contract with Lamar from 2015 to 2019. The contract allows for both exterior advertising, including full coverage ads on up to 20% of the fleet, and interior advertising. Ads are subject to County Connection's interior and exterior advertising policies (see Attachments).

Compensation is based on a percentage of gross revenues with a minimum guarantee, and since 2015, revenues have never exceeded the minimum guarantee. Similar to the bus shelters, bus ad

revenues have also been significantly impacted by COVID-19 and dropped over 60% in 2020 compared to 2019. Beginning in April 2020, County Connection agreed to temporarily remove the minimum guarantee until sales volumes return to pre-COVID levels.

| Year            | Total Ad Revenue | Revenue Share |
|-----------------|------------------|---------------|
| 2015            | \$615,804        | \$575,000     |
| 2016            | \$454,101        | \$580,000     |
| 2017            | \$490,348        | \$585,000     |
| 2018            | \$451,987        | \$590,000     |
| 2019            | \$389,190        | \$595,000     |
| 2020            | \$145,383        | \$183,062     |
| 2021 (thru Nov) | \$230,400        | \$126,720     |

**Financial Implications:**

None.

**Recommendation:**

None, for information only.

**Action Requested:**

None, for information only.

**Attachments:**

Interior Advertising on CCCTA Transit Vehicles Policy

Exterior Advertising on CCCTA Transit Vehicles Policy

SUBJECT: Interior Advertising on CCCTA Transit Vehicles

- POLICY:
1. Liquor, tobacco, and political advertising will not be allowed on the interior of the Authority vehicles.
  2. The contractor will not display advertising copy that is false, misleading, deceptive, and/or offensive to the moral standards of the community or contrary to good taste. Copy which might be contrary to the best interest of the transit system, or which might result in public criticism of the advertising industry and/or transit advertising, will not be acceptable.
  3. All advertising material is subject to approval by the Authority prior to installation on Authority vehicles. Rough sketches, with proposed copy, should be provided for this purpose.
  4. The Authority will retain two card spaces on the interior of each bus to display Authority information.
  5. The contractor will allow the Authority to utilize unsold space for cards, furnished by the Authority, containing the Authority's own institutionalized advertising/information.
  6. It should be agreed by all parties that the rights and privileges granted, and the obligations imposed, shall also apply to any new method, type or technique of advertising not contemplated here, but which may be created or developed in the future for advertising use in Authority buses. If an advertising display opportunity of a unique nature, or as not contemplated here, arises, the details of such opportunity shall be presented, in writing, to the General Manager of the Authority for approval.
  7. The Authority will provide the contractor reasonable access to its facility and its vehicles at the discretion of the Authority, for the purpose of conducting associated contract business.
  8. The Authority will agree that no advertising displayed properly on the interior of transit vehicles will be removed or obscured by the Authority without prior knowledge of the contractor, or as provided by the contract.
  9. The Authority will expect a minimum guarantee of advertising revenue from the contractor.
  10. The Authority shall have the right to examine and inspect the books and other records of account between the Authority and contractor. The contractor shall furnish an unqualified report, certified by a certified public accountant, of its operation under the contract.
  11. The contractor will be expected to administer all public, educational or charitable advertisements as a part of the contract.

DATE OF ADOPTION: November 17, 1983

DATES OF REVISION: November 19, 1987  
June 16, 1994

SUBJECT: Exterior Advertising on CCCTA Transit Vehicles

- POLICY:
1. Advertising of liquor and tobacco products will not be allowed on the exterior of Authority vehicles.
  2. The contractor will not display advertising copy that is false, misleading, deceptive, and/or offensive to the moral standards of the community or contrary to good taste.
  3. All advertising material is subject to approval by the Advertising Agency for conformance with the Authority policy prior to installation on Authority vehicles.
  4. It should be agreed by all parties that the rights and privileges granted, and the obligations imposed, shall also apply to any new method, type or technique of advertising not contemplated here, but which may be created or developed in the future for advertising use in or upon Authority buses. If an advertising display opportunity of a unique nature, or as not contemplated here, arises, the details of such opportunity shall be presented, in writing, to the General Manager of the Authority for approval.
  5. The Authority will provide the contractor reasonable access to its facility and its vehicles at the discretion of the Authority, for the purpose of conducting associated contract business.
  6. The contractor will allow the Authority to utilize unsold exterior space for cards, furnished by the Authority, containing the Authority's own institutional advertising/information at the Authority's discretion.
  7. The Authority will agree that no advertising displayed properly on the exterior of transit vehicles will be removed or obscured by the Authority without knowledge of the contractor, or as provided by the contract.
  8. The Authority will expect a minimum guarantee of advertising revenue from the contractor.
  9. The Authority shall have the right to examine and inspect the books and other records of account between the Authority and contractor. The contractor shall furnish an unqualified report, certified by a certified public accountant, of its operation under the contract.
  10. The contractor will be expected to administer all public, educational or charitable advertisements as a part of the contract.

DATE OF ADOPTION: November 17, 1983

DATE OF REVISION: June 16, 1994