

**To:** Board of Directors

**Date:** 10/24/2024

**From:** Ryan Jones, Manager of Marketing & Communications

**Reviewed by:** AMS

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**SUBJECT:** Bus Advertising Contract

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**Background:**

County Connection currently contracts with Vector Media for on-bus advertising services. The contract began on January 1, 2019, and included three years plus the option for two additional years. Both option years were executed, and the current contract will expire on December 31, 2024.

The contract includes exterior advertising, including full coverage ads on up to 20% of the fleet; and interior advertising, including digital ad space on monitors mounted inside the 2300-series buses (40 in total). Compensation is based on a percentage of gross revenues with a minimum annual guarantee (MAG), whichever is greater.

The originally agreed upon MAG was \$525,000, with an increase of \$25,000 each year over the five-year contract. The contract was amended to a lesser MAG in 2022 in response to the impacts of the COVID-19 pandemic. The Board approved the amendment, and in this final year of the contract, County Connection will receive a MAG of \$350,000 or 70% of the previous year's gross advertising revenue, whichever is greater. To date, revenues have never exceeded the minimum guaranteed threshold.

**RFP Process:**

Staff released a Request for Proposals (RFP) for a new contract on August 1, 2024. Bid notices were published in the local newspaper, sent directly to three firms (Vector Media, Lamar Transit, and Outfront Media), and advertised broadly across social media (LinkedIn, Facebook, X, and Threads). County Connection's current vendor, Vector Media, chose not to submit a proposal, claiming that they had not received the level of success they were hoping for in the current contract period. LAVTA (Wheels) and Tri Delta Transit staff both reported a reduction in advertising revenue since the pandemic, which may speak to the response to County Connection's bus advertising RFP.

One proposal was received by the September 16, 2024 deadline from Lamar Transit, LLC (Lamar), and staff has found it to meet the minimum standards set forth in the RFP. Lamar had also previously held an advertising contract with County Connection from 2009 to 2019.

**Proposed Revenues:**

Proposers were asked to provide pricing for two ad space coverage options, as well as two payment pricing structures: a fixed annual guarantee, or a share of gross revenue with a minimum monthly guarantee. A summary of Lamar's proposal is shown below.

Contract Year	Lamar	
	Fixed Annual Guarantee (paid annually in advance)	% of Gross with Monthly Guarantee (paid monthly)
<b>Option A: Ads below the windows only</b>		
Base Year 1	\$160,000	45% / \$13,333
Base Year 2	\$165,000	45% / \$13,750
Base Year 3	\$170,000	45% / \$14,166
Option Year 1	\$175,000	45% / \$14,583
Option Year 2	\$180,000	45% / \$15,000
<b>Option B: Full wrap coverage on up to 20% of the fleet</b>		
Base Year 1	\$200,000	50% / \$16,666
Base Year 2	\$205,000	50% / \$17,083
Base Year 3	\$210,000	50% / \$17,500
Option Year 1	\$215,000	50% / \$17,916
Option Year 2	\$220,000	50% / \$18,333

For comparison, Lamar’s proposal base year one begins at \$160,000 for Option A, which is a 68% reduction from Vector’s 2019 proposal of \$500,000 for the first year of Option A. Staff believes the drop in guaranteed revenue is indicative of the times and reflects how businesses are investing their advertising dollars.

**Financial Implications:**

Award of the contract to the recommended proposer, Lamar, would provide a minimum of \$495,000 in advertising revenue over the three-year contract term, and an additional \$355,000 if the two one-year option terms are exercised.

**Recommendation:**

Staff recommends that a contract for bus advertising services be awarded to Lamar Transit, LLC, commencing January 1, 2024, for three years with two one-year options. Staff further recommends that the contract continue with Option B to allow full coverage ads on no more than 20% of the fleet, and that revenues paid to County Connection are based on a percentage share of gross revenue with a minimum monthly guarantee. With the broad decline in advertising revenue, Lamar’s Option B proposal will provide the highest possible revenue for County Connection by offering more options to interested advertisers.

**Action Requested:**

The Marketing, Planning, and Legislative Committee and staff request Board approval of Resolution No. 2025-13 for the General Manager authorize the General Manager or designee to execute a contract with Lamar Transit, LLC for bus advertising services consisting of full coverage advertisements on no more than 20% of CCCTA's fleet for a three-year base term with up to two additional one-year option terms.

**Attachments:**

Resolution No. 2025-13

**RESOLUTION NO. 2025-13**

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

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**AUTHORIZING THE GENERAL MANAGER TO EXECUTE A CONTRACT  
WITH LAMAR TRANSIT, LLC FOR BUS ADVERTISING SERVICES**

**WHEREAS**, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (Member Jurisdictions) have formed the Central Contra Costa Transit Authority (CCCTA), a joint exercise of powers agency created under California Government Code Section 6500 et seq., for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions and certain unincorporated portions of Contra Costa County;

**WHEREAS**, CCCTA's current contract for bus advertising services expires on December 31, 2024;

**WHEREAS**, on August 1, 2024, CCCTA issued a Request for Proposals (RFP) for bus advertising services, and received one proposal from Lamar Transit, LLC (Lamar);

**WHEREAS**, staff determined that competition was adequate, Lamar's proposal satisfies the minimum requirements set forth in the RFP, Lamar is experienced and qualified to perform the services, and Lamar's proposed revenue share for CCCTA is fair and reasonable;

**WHEREAS**, based on the compensation structure selected by staff, Lamar will provide a minimum of \$495,000 in advertising revenue to CCCTA over the three-year base contract term, and up to an additional \$355,000 if both one-year option terms are exercised by CCCTA; and

**WHEREAS**, staff recommends and the Marketing, Planning, and Legislative Committee concurs that the Board of Directors authorize the General Manager or designee to execute a contract with Lamar Transit, LLC for bus advertising services consisting of full coverage advertisements on no more than 20% of CCCTA's fleet for a three-year base term with up to two additional one-year option terms.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Central Contra Costa Transit Authority authorizes the General Manager or designee to execute a contract with Lamar Transit, LLC for bus advertising services consisting of full coverage advertisements on no more than 20% of CCCTA's fleet for a three-year base term with up to two additional one-year option terms, in a form approved by legal counsel;

**BE IT FURTHER RESOLVED** that the General Manager or designee is authorized to exercise up to two one-year option terms, if in the best interest of CCCTA; and

**BE IT FURTHER RESOLVED** that the General Manager or designee is authorized to take any other actions necessary to give effect to this resolution.

Regularly passed and adopted this 24th day of October, 2024 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Kevin Wilk, Chair, Board of Directors

ATTEST:

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Lathina Hill, Clerk to the Board