

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. 221004-092

WHEREAS, The Transit Shelter Advertising Agreement (Agreement) between the City and Clear Channel Outdoor, Inc. (Clear Channel) began on December 10, 2007, and continues for a term of 15 years, plus one five-year option to extend the Agreement at the City's sole discretion; and

WHEREAS, Due to the impacts from the COVID-19 pandemic, which have had, and continue to have, an unprecedented and material adverse effect on Clear Channel's ability to generate revenue from advertising, Clear Channel approached the SFMTA in 2021 for reductions in certain payments due to the City under the Agreement; and

WHEREAS, Under the First Amendment to the Agreement, dated June 25, 2021, the City agreed to reduce Minimum Annual Guarantee (MAG) payments from May 1, 2020 through June 30, 2022, in return, Clear Channel gave the City additional advertising opportunities on the shelters and marketing support payments; and

WHEREAS, The City has given Clear Channel notice of its intent to exercise the five-year option to extend the Agreement: and

WHEREAS, Due to the continuing impacts from the pandemic, Clear Channel has again requested reductions to the MAG and other payments under the Agreement; and

WHEREAS, The parties have negotiated the Second Amendment to the Agreement, which:

- adjusts the MAG payments for the last five years of the contract;
- adjusts administrative payments to the City;
- ties the amount of the performance bond to the MAG for each year and maintains the letter of credit at \$2,000,000 for the remainder of the Agreement;
- significantly increases Clear Channel's maintenance obligations for shelters and platforms, including more frequent cleanings and initiation of a "Shelter Refresh Program" to replace and/or repair aging shelters;
- requires Clear Channel to invest \$3,000,000 in digital advertising prior to June 2025;
- provides for the City's guaranteed use of \$1,000,000 of digital and print advertising space and other media services; and

WHEREAS, The Amendment will also help Clear Channel to preserve jobs, as well as continue its critical services for the SFMTA and its customers, including maintaining the transit shelters, boarding platforms, and advertising kiosks; and

WHEREAS, On September 27, 2022, the SFMTA, under authority delegated by the Planning Department, determined that the Second Amendment to the Transit Shelter Advertising Agreement with Clear Channel Outdoor, Inc., is not a "project" under the California Environmental

Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; and

WHEREAS, In addition to approval by the SFMTA Board, the Second Amendment will be submitted to the Port Commission and Board of Supervisors for final approval; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation, or his designee, to execute the Second Amendment to the Transit Shelter Advertising Agreement with Clear Channel Outdoor, LLC; to exercise the option to extend the Agreement for five years, from December 7, 2022 through December 7, 2027; adjust the minimum annual guarantee payments, as well as administrative and marketing payments; and increase the maintenance and service obligations of Clear Channel; and be it further

RESOLVED, That the SFMTA Board of Directors recommends this matter to the Port Commission and the Board of Supervisors for their approval; and be it further

RESOLVED, That the SFMTA Board of Directors direct staff that within 60 days of the approval of the contract agreement that staff complete a full assessment of the state of bus shelters and platforms with a plan to bring them up to the maximum condition score and that a hearing is scheduled within six months to report back on how many shelters and platforms were repaired, including an overlay of equity neighborhoods, and to what level, as well as the clearance of the backlog of repairs.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of October 4, 2022.



Secretary to the Board of Directors
San Francisco Municipal Transportation Agency