

1 [Agreement Amendment - Clear Channel Outdoor, LLC - Transit Shelter Advertising - Term
2 Extension]

3 **Resolution approving the Second Amendment to the Transit Shelter Advertising**
4 **Agreement between the City and County of San Francisco and Clear Channel Outdoor,**
5 **LLC, to exercise the option to extend the Agreement for five years, from December 7,**
6 **2022, through December 7, 2027; adjust the minimum annual guarantee payments, as**
7 **well as administrative and marketing payments; and increase the maintenance and**
8 **service obligations of Clear Channel.**

9
10 WHEREAS, The Transit Shelter Advertising Agreement (Agreement) between the City
11 and County of San Francisco (City), through its Municipal Transportation Agency (SFMTA) the
12 Port of San Francisco, and Clear Channel Outdoor, LLC (Clear Channel) began on December
13 10, 2007, and continues for a term of 15 years, plus one five-year option to extend the
14 Agreement at the City's sole discretion; and

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

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

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

25 WHEREAS, Due to the continuing impacts from the pandemic, Clear Channel has

1 again requested reductions to the MAG and other payments under the Agreement; and

2 WHEREAS, The SFMTA and Clear Channel have negotiated the Second Amendment
3 to the Agreement, which:

- 4 • adjusts the MAG payments for the last five years of the contract;
- 5 • adjusts administrative payments to the City;
- 6 • ties the amount of the performance bond to the MAG for each year and
7 maintains the letter of credit at \$2,000,000 for the remainder of the Agreement;
- 8 • significantly increases Clear Channel's maintenance obligations for shelters and
9 platforms, including more frequent cleanings and initiation of a "Shelter Refresh
10 Program" to replace and/or repair aging shelters;
- 11 • requires Clear Channel to invest \$3,000,000 in digital advertising prior to June
12 2025;
- 13 • provides for the City's guaranteed use of \$1,000,000 of digital and print
14 advertising space and other media services per year; and

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

18 WHEREAS, On September 27, 2022, the SFMTA, under authority delegated by the
19 Planning Department, determined that the Second Amendment to the Transit Shelter
20 Advertising Agreement with Clear Channel Outdoor, Inc., is not a "project" under the California
21 Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Sections
22 15060(c) and 15378(b); and

23 WHEREAS, On October 4, 2022, the SFMTA Board of Directors adopted Resolution
24 No. 221004-092, authorizing the Director of Transportation to execute the Second
25 Amendment to the Transit Shelter Advertising Agreement with Clear Channel Outdoor, LLC,

1 to exercise the option to extend the Agreement for five years, from December 7, 2022,
2 through December 7, 2027, adjust the minimum annual guarantee payments, as well as
3 administrative and marketing payments, and increase the maintenance and service
4 obligations of Clear Channel; and

5 WHEREAS, The SFMTA Board Resolution also directed staff, within 60 days of the
6 approval of the Agreement, to complete a full assessment of the state of bus shelters and
7 platforms with a plan to bring them up to the maximum condition score and report back at a
8 hearing within six months on how many shelters and platforms were repaired, including an
9 overlay of equity neighborhoods, and to what level, as well as the clearance of the backlog of
10 repairs; and

11 WHEREAS, On November 1, 2022, the SFMTA adopted Resolution No. 221101-104,
12 correcting the Second Amendment to the Agreement to remove surplus language from the
13 Amendment; and

14 WHEREAS, On November 8, 2022, the Port Commission adopted Resolution
15 No. 22-61, approving the Second Amendment to the Agreement (as corrected); now,
16 therefore, be it

17 RESOLVED, That the Board of Supervisors approves the Second Amendment to the
18 Transit Shelter Advertising Agreement with Clear Channel Outdoor, LLC (as corrected), to
19 exercise the option to extend the Agreement for five years, through December 7, 2027, adjust
20 the minimum annual guarantee payments, as well as administrative and marketing payments,
21 and increase the maintenance and service obligations of Clear Channel; and, be it

22 FURTHER RESOLVED, That within 30 days after execution of the Second
23 Amendment, the final document shall be provided to the Clerk of the Board for inclusion in the
24 official file.

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City and County of San Francisco

**Tails
Resolution**

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 221128

Date Passed: November 29, 2022

Resolution approving the Second Amendment to the Transit Shelter Advertising Agreement between the City and County of San Francisco and 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.

November 16, 2022 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION

November 29, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 221128

I hereby certify that the foregoing Resolution was ADOPTED on 11/29/2022 by the Board of Supervisors of the City and County of San Francisco.

f Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

12/6/22

Date Approved