



**DATE:** November 19, 2024

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Execute a Funding Agreement with AC Transit to Help Fund Bus Shelter Maintenance

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) authorizing the City Manager to execute a funding agreement with AC Transit to help fund bus shelter maintenance.

### **SUMMARY**

As AC Transit is transitioning to a new fiscal model with separate entities to provide maintenance, advertising, and capital services for their bus shelters, the District has reached out to cities in Alameda and Contra Costa Counties for help funding maintenance of bus shelters across the district, including the 63 existing shelters in Hayward. The City's maximum annual share of the cost for the shelter maintenance will be \$39,361 and the contract term is five years, including two guaranteed years (April 1, 2023 to March 31, 2025) and three (3) one-year extension options. Staff recommends adopting a resolution authorizing the City Manager to execute a funding agreement with AC Transit to help fund shelter maintenance.

### **BACKGROUND**

AC Transit previously had a transit shelter agreement with Clear Channel Outdoor Advertising (CCO), which ended on March 31, 2023. Under this contract, CCO provided maintenance and capital work in exchange for advertising revenue from AC Transit's bus shelters. Historically, advertising revenue was sufficient to cover shelter maintenance. However, the revenue from transit shelter advertising has decreased due to a shift to online marketing while the infrastructure maintenance cost has increased in recent years. After the agreement with CCO ended, AC Transit shifted to a new model for shelter maintenance with separate contracts for maintenance, advertising, and capital services in recognition of the changed economic model.

On February 22, 2023, AC Transit's Board of Directors approved five-year contract with Intersection Media for shelter advertising and with Graffiti Protective Coatings, Inc for shelter maintenance. After the contract was awarded, Intersection Media, LLC requested to renegotiate the terms of their proposal and the solicitation was subsequently canceled. On February 1, 2024, a second RFP for Transit Shelter advertising services was issued, and the AC Transit Board of Directors approved the five-year shelter advertising contract award with Lamar Transit, LLC, on April 24, 2024. This contract includes fixed and variable payments to AC Transit that vary based on the actual advertising revenue received. The total revenue anticipated is significantly below the levels of the prior CCO contract. AC Transit is still seeking funding for a contractor for more intensive capital work such as removing or installing shelters.

In Hayward, there are a total of 363 bus stops, including 63 stops with shelters and/or kiosks. These shelters are maintained under the contract with Graffiti Protective Coatings, Inc. As with other jurisdictions, AC Transit has requested support from cities to maintain shelters throughout the district.

## **DISCUSSION**

The Memorandum of Understanding for shelter maintenance proposed by AC Transit will cover the term from April 1, 2023 to March 31, 2028, including the three (3) one-year extension options. The maintenance services to be provided under the MOU are summarized below:

### **Scheduled Maintenance and Repair:**

- Pressure washing once a month;
- Routine cleaning twice a week;
- Inspection of lighting and Real-Time signage and reporting deficiencies within twenty-four (24) hours of discovery; and
- Replacement of maps and public information within ten (1) calendar days of being notified by the District

### **Unscheduled Maintenance and Repair (as-needed basis):**

- Additional pressure washing;
- Additional cleaning and graffiti abatement;
- Repainting and minor repairs; and
- Cleanup of refuse remaining after departure of unhoused persons.

The annual cost for the City will not exceed \$39,361 and will be invoiced once a year. AC Transit has similar agreements with other jurisdictions in the transit district and all use the same formula to estimate the City share, which is a function of the number of shelters needing maintenance and the number that provide advertising revenue. The table on the next page provides information for the overall district and the City on these metrics. The minimum annual guarantee was based on the initially awarded but canceled advertising contract. The awarded contract with Lamar Transit, LLC, is not guaranteed to produce the

same amount of revenue, but AC Transit is using the initial estimates to be consistent with agreements signed by other jurisdictions.

Jurisdiction	Total Shelters /Kiosks (%)	Ad Shelters /Kiosks (%)	Annual Maintenance Cost (AMC) (Scheduled + Unscheduled)	Advertising Minimum Annual Guarantee (MAG)	Annual Maintenance Cost per Jurisdiction (AMC-MAG)
AC Transit	276 (100%)	235 (100%)	\$851,020.00	\$700,000.00	\$151,020
Hayward	63 (22.83%)	52 (21.13%)	\$194,254.57	\$154,893.62	\$39,360.95

During meetings with the AC Transit Interagency Liaison Committee, Council members indicated a willingness to provide additional funding from the City in exchange for enhanced bus shelter maintenance. However, the contract that AC Transit has for bus shelter maintenance has a fixed cost, and staff recommend proceeding with an amount that is consistent with what other jurisdictions are contributing. The District’s bus shelter maintenance contract does include provisions for non-routine maintenance, which is deployed in part based on feedback received through AC Transit’s customer service requests.

**ECONOMIC IMPACT**

The funding agreement will help AC Transit to continue maintaining the transit shelters in the City and to provide a more dignified bus stop waiting experience. This will enhance comfort and access to transit stops, potentially leading to increased transit ridership.

**FISCAL IMPACT**

The City will fund \$39,361 each year and a total of \$196,805 over the five-year contract term to help AC Transit maintain transit shelters in the City. The first payment will be made in the current fiscal year and will be drawn from Fund 215 – Measure B, Local Transportation. Funding for future years will be added to the City’s Capital Improvement Program from Funds 212 – Measure BB, Local Transportation and 215 – Measure B, Local Transportation in the upcoming budget cycle. There will be no impact to the General Fund related to this project.

**STRATEGIC ROADMAP**

This item supports Council’s Strategic Priority of Invest in Infrastructure. This item specifically relates to the following subcategory:

- N7 - Invest in Multi-Modal Transportation: Work with AC Transit to beautify bus shelters and construct more seating at bus stops to improve the ridership experience.

## **SUSTAINABILITY FEATURES**

There is no sustainability features associated with this action.

## **PUBLIC CONTACT**

There is no public contact associated with this action.

## **NEXT STEPS**

If Council approves this request, the City Manager will execute a funding agreement with AC Transit for two years with three (3) one-year options to extend in an amount not to exceed \$39,361 annually.

*Prepared by:* Jade Kim, Assistant Transportation Engineer  
Hugh Louch, Deputy Director of Public Works - Transportation

*Recommended by:* Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in blue ink, appearing to be 'JC' or similar initials, written in a cursive style.

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Dustin Claussen, Interim City Manager