



Agenda Report

20-578

Agenda Date: 6/9/2020

REPORT TO COUNCIL

SUBJECT

Action on an Agreement with the Santa Clara Valley Transportation Authority on Bus Shelter Revenue Sharing [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

BACKGROUND

On June 9, 1994, the Santa Clara County Transit District entered into a Transit Shelter Advertising Program Agreement with Clear Channel Outdoor (CCO, formerly known as Eller Media and Patrick Media Group). This agreement was for a 15-year period to allow time for the CCO (contractor) to recoup costs associated with the procurement and installation of the transit shelters. It also stipulated that the contractor would be responsible for weekly inspection, cleaning, trash collection and maintenance of the transit shelters and address vandalism/graffiti or damage to the transit shelter within 48 hours. On October 31, 1995, the County of Santa Clara and eight cities in the County, including the City of Santa Clara, entered into an agreement with the Santa Clara County Transit District and CCO regarding the installation of transit shelters and proposed revenue sharing from the Transit Shelter Advertising Program. Subsequently, between 1997 and 2017, there were nine amendments to the agreement to add additional cities to the Transit Shelter Advertising Program, modify elements of the agreement, and to extend the term of the agreement to December 31, 2017.

The Santa Clara County Transit District was originally formed to provide a unified transit operation within Santa Clara County, and was later renamed to the Santa Clara County Transportation Agency. Ultimately, the Santa Clara County Transportation Agency was merged with the County Congestion Management Agency to become Santa Clara County Valley Transportation Authority (VTA).

DISCUSSION

The agreement between the VTA, contractor and participating agencies for the maintenance of transit shelters and revenue sharing of advertising expired on December 31, 2017. In August 2018, VTA executed a new agreement with CCO, with a term of January 1, 2018 to December 31, 2021, with an option for one five-year extension. This new agreement differs from the original agreement in that minimum payments from CCO to VTA have increased significantly. Additionally, VTA determined that it is more appropriate to execute separate revenue sharing agreements with local agencies in lieu of asking each agency to become a party to the VTA agreement with CCO. The attached agreement (Attachment 1) is a proposed agreement between the VTA and the City of Santa Clara. The new agreement is similar to the previous agreement in terms of the proportions of revenue that VTA and the agencies receive.

For each year of the agreement, VTA will receive revenue from Clear Channel Outdoor. Revenue will first be used to reimburse VTA for program management expenses. Fifty percent of the remaining annual revenue will be shared among all local agencies and will be based on the percentage of

revenue-generating shelters in each agencies' right of way. The remaining fifty percent of the revenue will be used by the VTA to fund transit operations. The contractor will remain responsible for weekly cleaning, trash collection, graffiti abatement, repairs and maintenance of the transit shelters. The proposed agreement between the City of Santa Clara and the VTA is retroactive to January 1, 2018, will terminate on December 31, 2021, and includes an option to extend for one additional five-year term. As of December 31, 2018, the VTA is the owner and operator of 40 bus shelters in Santa Clara. Of the 40 bus shelters, 29 are advertising shelters, which represents a 7.5 percent of all VTA advertising shelters. Approval of this agreement will allow VTA to share bus revenue advertising revenue with the City of Santa Clara. As a result of the increase in the minimum payment from CCO to VTA, the amount that the City of Santa Clara will receive annually will increase substantially when compared to the previous agreement.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a government organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

Ongoing participation in the program will continue to generate revenue for the City. The revenue generated in 2017 was \$12,015. If approved, this agreement will generate an annual revenue amount of \$24,819 for 2018 and \$22,021 for 2019 for a total of \$46,840 that will be recognized in the General Fund in Fiscal Year (FY) 2019/20. Additional revenue is also anticipated in FY 2020/21 and will be incorporated into the FY 2020/21 General Fund budget amendments that will be brought forward with the adoption of the budget. Estimates will also be incorporated into future budgets, as appropriate.

Budget Amendment FY 2019/20			
	Current	Increase/ (Decrease)	Revised
General Fund			
<u>Revenue</u>			
Rents	\$9,292,176	\$ 46,840	\$9,339,016
<u>Reserves</u>			
Budget Stabilization Reserve	\$79,967,166	\$46,840	\$80,014,006

COORDINATION

This report has been coordinated with the City Attorney's Office and the Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the agreement with the Santa Clara Valley Transportation Authority on Bus Shelter Revenue Sharing;
2. Authorize the City Manager to make minor, non-substantive modifications to the Agreement, if needed; and
3. Approve the related FY 2019/20 budget amendment in the General Fund to recognize the bus shelter revenue and increase the Budget Stabilization Reserve by \$46,840.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Revenue Sharing Agreement