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.

WHEREAS, The Transit Shelter Advertising Agreement (Agreement) between the City and County of San Francisco (City), through its Municipal Transportation Agency (SFMTA) the Port of San Francisco, and Clear Channel Outdoor, LLC (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, the Contractor 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 SFMTA and Clear Channel 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 per year; and

WHEREAS, The Amendment will also help Clear Channel to preserve jobs, as well as continuing 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 pursuant to Title 14 of the California Code of Regulations, Sections 15060(c) and 15378(b); and

WHEREAS, On October 4, 2022, the SFMTA Board of Directors adopted Resolution No. 221004-092, authorizing the Director of Transportation 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

WHEREAS, The SFMTA Board Resolution also directed staff, within 60 days of the approval of the Agreement, to 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 report back at a hearing within six months 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; and

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

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

RESOLVED, That the Board of Supervisors approves the Second Amendment to the Transit Shelter Advertising Agreement with Clear Channel Outdoor, LLC (as corrected), to exercise the option to extend the Agreement for five years, 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 within 30 days after execution of the Second Amendment, the final document shall be provided to the Clerk of the Board for inclusion in the official file.
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

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.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved 12/6/22