



Board Report

File #: 2017-0718, File Type: Contract

Agenda Number: 10.

REGULAR BOARD MEETING JANUARY 25, 2018

**SUBJECT: METRO SYSTEM ADVERTISING (LICENSE TO
SELL AND DISPLAY ADVERTISING ON BUS AND
RAIL)**

ACTION: APPROVE ADVERTISING CONTRACT AWARDS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD Contract No. PS41099B - License to Sell and Display Advertising on Metro Bus System to OUTFRONT Media Group, LLC for 10 years, generating an aggregate minimum guarantee of \$262,250,000 revenue for Metro, subject to resolution of protest(s), if any;
- B. AWARD Contract No. PS41099R - License to Sell and Display Advertising on Metro Rail System to Intersection Parent, Inc. for 10 years, generating an aggregate minimum guarantee of \$42,902,200 revenue for Metro, subject to resolution of protest(s), if any; and
- C. AMEND the FY18 Budget to add three (3) Full Time Employees (FTEs) to support implementation of digital advertising and the new revenue contracts; FTEs will be funded by revenues generated from No. PS41099B and No. PS41099R.

ISSUE

Metro's current system advertising contract (License To Sell and Display Advertising on Metro Bus and Rail System) expired December 31, 2017. The contract has been extended to allow time to finalize the approval and contract execution process. The procurement for new revenue-generating contracts began in April 2017 with a public Request for Proposals (RFP) process.

The agency's expanded advertising policy coupled with recent innovations in advertising allow for leveraging technology to enhance the customer experience. Staff is recommending the award of two separate contracts - one for bus advertising to a firm with extensive experience, longevity and solid performance, and one for rail advertising to a firm that offers innovative digital technology to enhance the customer experience through new amenities for Metro customers and the communities Metro serves.

DISCUSSION

Background

Metro has an advertising policy as a way of utilizing the agency's assets to generate revenue. To implement the policy, Metro contracts with a professional advertising firm to sell, schedule, produce and install advertising on the Metro system. In January 2016, the Metro Board of Directors approved the Risk Allocation Matrix (RAM) and creation of an Internal Savings Account intended as tools to ensure long-term financial stability and mitigate projected budget shortfalls. Expanded advertising was identified as a significant initiative contributing to the sustainability of Metro's current and future operations and expansions.

In February 2017, the Metro Board of Directors approved the revised System Advertising Policy in order to implement the RAM initiative of expanded advertising as an agency revenue generator.

A Request for Proposals (RFP) process was initiated in April 2017 with intent to award a 10-year contract.

Goals

The contract approach centered around three primary goals:

1. **Enhance the customer experience** by upgrading all current static map cases to digital customer information panels (CIPs), thus, enabling real-time management and flexibility of customer information.
2. **Reduce costs** by securing free and guaranteed advertising space and no print/production costs to the agency.
3. **Increase revenue-generation** by maximizing the agency's vast and growing capital assets including the bus and rail fleet, rail stations, transitway stations, parking facilities, and Division facilities; and migrating to digital advertising.

Enhancing the Customer Experience

Transitioning to a digital advertising model affords a unique opportunity for the agency to leverage its system advertising program to not only increase revenues, but also enhance the customer experience by providing new amenities for Metro customers and the communities Metro serves.

This new digital technology will include interactive screens to display customer information, system and neighborhood maps, vehicle arrival information, service alerts and disruptions, and other agency information.

Some of the displays will also provide customer amenities such as free Wi-Fi, free 911 emergency calls and other calls nationwide, USB charging stations, and neighborhood and city information on an interactive tablet.

Conversion to Digital Displays

Staff has mapped out a plan to modernize the agency's advertising approach by transitioning from static map cases and signage to digital advertising over a five-year period. This will involve upgrading the display of ads to digital advertising screens and customer information panels across the rail system.

Metro's current and future rail stations will feature digital screens to share real-time customer information. Additionally, the screens will be placed at stations along the Orange Line and Silver Line, as well as the El Monte and Harbor Gateway Transit Centers.

For the first year of the contract, the contractor will audit all rail stations in Metro's system and develop an installation plan based on those that are install-ready. A proposed design for each station will be reviewed and approved by the relevant Metro departments.

Procurement Process

Attachment A - Procurement Summary provides full procurement process, where the RFP followed the best value process:

- Two proposals were received and oral presentations were held in September by both Respondents.
- Best and Final Offers, along with a final oral presentation, were requested, which were provided by Respondents in October. Final scoring and decision was completed in October by the evaluation committee.
- The evaluation committee was comprised of staff from Marketing, Countywide Planning, Office of Budget and Finance, Operations, and Signage and Environmental Design; with advisors from: Marketing, Vendor/Contract Management, and Universal Studios Hollywood (non-Metro).

Contract Terms

- 10 years with midpoint performance audit at the end of 5th year
- Minimum annual guarantee (MAG) revenue payments
- Revenue share of 55% to Metro beyond the MAG (years 1-5)
- Revenue share of 70% to Metro beyond the MAG (years 6-10)
- Full financial audit access and detailed reporting requirements
- Full compliance with Metro's standard terms and conditions, Fire Life Safety, and ADA compliance
- Commitment to install and maintain digital screens for the customer information and advertising

OUTFRONT Media Group, LLC

OUTFRONT Media Group, LLC (OUTFRONT) is proposing guaranteed revenues of \$262,250,000 to Metro over the 10-year contract term for the bus system. They will provide static advertising on and in the agency's bus fleet.

OUTFRONT is an industry leader in transit advertising with 80 years of knowledge and experience - 35 years of direct service experience with Metro. OUTFRONT demonstrates a solid financial history with a consistent record of fulfilling their revenue payments to Metro and all other transit agencies including NY MTA, WMATA, and MBTA.

With a strong national and local sales team, expert knowledge in sales management and operations of commercial advertising, staff is confident OUFROnt will fulfill their bus revenue guarantee to Metro over the 10-year contract term.

As the incumbent, their experience with Metro and their intricate knowledge of agency Bus Operations is advantageous to Metro, requiring no new training or transition. OUTFRONT has been and will continue to utilize the services of a certified Disadvantaged Business Enterprise (DBE) firm to fulfill advertising operations on the agency's bus fleet.

Intersection Parent, Inc.

Intersection Parent, Inc. (Intersection) is proposing guaranteed revenues of \$42,902,200 to Metro over the 10-year contract term for the rail system. They are also committed to a capital investment of \$19,700,000 to install new digital equipment to implement customer information and digital advertising on Metro's rail system.

Intersection is an industry leader in municipal out-of-home advertising with 15 years of knowledge and expertise. They are also a leader in product innovation involving technology in public spaces. Intersection has a proven track record with NY MTA deploying interactive On-the-Go customer kiosks, and with New York City deploying digital screens that include customer amenities - a technology known as LinkNYC.

In their proposal and demonstration to Metro, Intersection better addressed the agency's goal of enhancing the customer experience through innovative and digital technology with three offerings: LinkLA, interactive customer information panels, and station activations.

Intersection proposes deploying LinkLA on Metro's system providing free Wi-Fi, USB charging stations, an interactive tablet with Metro and community resources, and free 911 calls and calls nationwide for use by Metro customers and the communities Metro serves. Intersection embraces advancing the participation of DBE, SBE and women-owned businesses on Metro's municipal contracts.

DETERMINATION OF SAFETY IMPACT

Digital and interactive information will improve the customer experience by providing relevant and timely content to Metro customers, including safety information. Once the displays are installed and ready for use, Metro staff will manage agency information on all digital screens. In the event of an emergency, digital screens can be used to display emergency information with a take-over message on a single screen, station-wide, the entire rail line, or system-wide.

The light emanating from digital screens and customer information panels provide additional lighting within each station - a safety benefit to all riders. Additionally, the screens are designed with a self-dimming feature at night to reduce glare and light pollution.

All new equipment, placement, and impact to passenger flow will be reviewed by System Safety to meet Metro Fire Life Safety Criteria, and Civil Rights to meet ADA Compliance. All contractors and subcontractor personnel will be trained and certified in Metro Rail Safety training.

FINANCIAL IMPACT

This is a revenue-generating contract and requires no capital funds to support it. This 10-year

contract meets three main goals:

- Enhance the customer experience
- Increase cost savings towards the agency's annual budget
- Generate significant revenue for the agency

Revenues to Metro

Metro will generate a minimum guarantee of \$30,515,221 annually and \$305,152,214 over 10 years in combined revenues from both contracts. Metro has also incorporated a shared revenue component to the contract so that the agency benefits from revenue generated over and beyond the minimum annual guarantee (MAG). In years 1-5 of the contract term, Metro will receive 55 percent of any additional revenue beyond the MAG. In years 6-10, Metro will receive 70 percent of additional revenues beyond the MAG. The revenue generated through this contract also contributes to the agency's ability to implement the "28 by 28" initiative to deliver major projects by the time Los Angeles hosts the 2028 Olympic and Paralympic Games.

Cost Savings

Metro will save approximately \$2,937,240 per year in cost savings and \$29,372,400 over the 10-year duration of both contracts in free and guaranteed advertising space and print/production costs for the purpose of agency awareness, outreach and advertising campaigns. Historically, Metro has paid for the print/production cost of advertising on our own system.

Contractor Capital Investment

Intersection Parent, Inc. is committed to making a \$19,700,000 capital investment in the installation of new innovative digital customer information and advertising equipment on the rail system. This is a commitment by the contractor to invest in Metro's technology infrastructure, new digital equipment, and efforts to improve the customer experience - at no cost to the agency.

Impact to Budget

While no capital funds are needed to support these revenue-generating contracts, labor support agency-wide is required to effectively rollout, implement, manage, and maintain advertising activities. Three new full-time employees (FTEs) are necessary to manage the program, manage the installation of new advertising infrastructure, and ensure seamless operations across the agency. Funding for the FTEs will be provided by revenues generated from commercial advertising on Metro's system (No.PS41099B and No.PS41099R), and will be pursued through the mid-year 2018 budget process to fully deliver this initiative:

Digital Advertising Installation and Rollout

- Full-Time Employee (FTE) - Project Manager staffed as a project position for a defined timeframe to implement installation and rollout of digital advertising infrastructure on the Metro system and coordinate activities from the following internal departments:
 - Engineering/Safety staff to review and approve station proposals in order to meet Metro Fire Life Safety Criteria.
 - Civil Rights/ADA Compliance staff to review and approve station proposals in order to meet ADA Compliance.
 - Countywide Planning staff to review and approve station proposals in order to

- meet Metro Rail Design Criteria.
- Signage Design staff to review and approve station proposals in order to meet Customer Station Signage Criteria.
- Information Technology staff to review and approve station proposals in order to meet IT Architecture and Infrastructure Standards.

Ongoing Advertising Efforts

- Full-Time Employee (FTE) - Digital Communications Administrator to manage the agency's free and guaranteed content in new advertising systems for static and digital advertising.
- Full-Time Employee (FTE) - Communications Officer to audit and provide quality control to ensure agency free and guaranteed advertising is executed by all contractors.

ALTERNATIVES CONSIDERED

The Board may choose to not award the revenue contracts for system advertising. This is not recommended as it would contradict the RAM initiative.

The existing advertising contract with OUTFRONT Media expired December 31, 2017. Staff has extended the contract to allow time for Board approval and the contract execution process. If the Board chooses not to award a new contract, Metro would have to continue to extend the current contractor on a temporary basis while undergoing a new procurement process. However, both proposers are leaders in the industry and submitted impressive proposals, so staff would not expect another procurement to result in much of a different outcome.

Another alternative is that Metro suspends its advertising program while pursuing a new procurement process, which would negatively impact the agency's budget (up to \$2,000,000 in monthly revenue) given the substantial revenue generated through the advertising program.

NEXT STEPS

Upon Board approval, staff will execute both contracts:

1. Contract No. PS41099B with OUTFRONT Media Group, LLC to provide a License to Sell and Display Advertising on Metro Bus System.
2. Contract No. PS41099R with Intersection Parent, Inc. to provide a License to Sell and Display Advertising on Metro Rail System, and

Staff will coordinate knowledge transfer between the contractors to ensure no gap or disruption of advertising efforts or revenue payments to the agency.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Financial Summary
Attachment C - DEOD Summary
Attachment D - PowerPoint Presentation

Prepared by: Lan-Chi Lam, Director of Communications, (213) 922-2349
Glen Becerra, Executive Officer of Marketing, (213) 418-3264

Reviewed by: Pauletta Tonilas, Chief Communications Officer, (213) 922-3777
Carolina Coppolo, Executive Officer of Vendor/Contract Management, (213) 922-4471



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

**METRO SYSTEM ADVERTISING - LICENSE TO SELL AND DISPLAY
ADVERTISING ON METRO BUS AND RAIL SYSTEMS/PS41099B and PS41099R**

1.	Contract Numbers: PS41099B & PS41099R	
2.	Recommended Vendors: A. Outfront Media Group, LLC. B. Intersection Parent, Inc.	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: April 27, 2017	
	B. Advertised/Publicized: April 20, 2017	
	C. Pre-Proposal Conference: May 11, 2017	
	D. Proposals Due: August 14, 2017	
	E. Pre-Qualification Completed: September 7, 2017	
	F. Conflict of Interest Form Submitted to Ethics: September 25, 2017	
	G. Protest Period End Date: November 20, 2017	
5.	Solicitations Picked up/Downloaded: 47	Bids/Proposals Received: 2
6.	Contract Administrator: James A. Nolan	Telephone Number: 213-922-7312
7.	Project Manager: Lan-Chi Lam	Telephone Number: 213-922-2349

A. Procurement Background

This Board Action is to approve ten-year Contracts Nos. PS41099B and PS41099R issued to provide a License to Sell and Display Advertising on Metro Bus and Rail Systems. The goal in the selection of firms was to maximize the value of the total revenue to Metro while ensuring compliance with Metro's advertising standards. Board approval of contract awards are subject to resolution of any properly submitted protest(s).

The Request for Proposals (RFP) was issued on April 27, 2017 as a competitive solicitation, in accordance with Metro's Acquisition Policy and the contract types are License Agreement Services Contract with Fixed Revenue Share Percentage with Minimum Annual Guarantee.

A Pre-Proposal Conference was held on May 11, 2017 with 16 attendees representing eight companies.

Four amendments were issued during the solicitation phase of this RFP;

- Amendment No. 1 issued May 31, 2017, extended the due date to July 12, 2017 and directed that all RFP questions/clarification requests be received by July 9, 2017.
- Amendment No. 2 issued July 5, 2017, extended the due date to July 31, 2017.

- Amendment No. 3 issued July 24, 2017, extended the due date to August 7, 2017 and provided revised RFP documents. Also provided Non-disclosure agreement for access to additional station diagrams.
- Amendment No. 4 was issued July 31, 2017 to extend the due date to August 14, 2017, and provided revised RFP documents and pricing forms.

Two proposals were received on August 14, 2017, as follows in alphabetical order:

1. Intersection Parent, Inc.
2. Outfront Media Group, LLC

Both proposals were deemed responsible and responsive to the requirements of the RFP.

B. Evaluation of Proposals

This solicitation was conducted in accordance, and complies with, Metro's Acquisition Policy for a competitive negotiated procurement as well as with Metro's revised Board approved System Advertising Policy. A Proposal Evaluation Team (PET) consisting of staff from Metro Marketing, Signage and Wayfinding, Systemwide Planning, Finance and Operations Department was convened and conducted a comprehensive technical evaluation of the proposals received. The proposals were first evaluated according to minimum qualifications required by the RFP.

The proposals were then evaluated based on the following evaluation criteria and weights:

- | | |
|----------------------------------|------------|
| • Revenue | 35 percent |
| • Qualifications of Firm | 30 percent |
| • Business Plan and Case Studies | 35 percent |

The evaluation criteria are appropriate and consistent with criteria developed for other, similar revenue procurements.

During the week(s) of August 17, through October 30, 2017 the PET met and evaluated the firms in accordance with the applicable evaluation criteria. The PET's recommendation is to award two contracts, one for bus and one for rail, to the highest rated firm(s) in each respective category as this method has been successful in the past and allows flexibility to award to the proposer best qualified in each distinct area.

The recommended firms are listed below:

Bus Advertising PS41099B
Outfront Media, LLC

Rail Advertising PS41099R
Intersection Parent, Inc.

1	BUS SYSTEM ADVERTISING	Average Score	Factor Weight	Weighted Average Score	Rank
2	Firm #1 Outfront Media, LLC				
3	Revenue	90.40	35.00%	31.64	
4	Qualifications of Firm	92.53	30.00%	27.76	
5	Business Plan and Case Studies	54.51	35.00%	19.08	
6	Total		100.00%	78.48	1
7	Firm # 2 Intersection Parent, Inc.				
8	Revenue	79.37	35.00%	27.78	
9	Qualifications of Firm	85.80	30.00%	25.74	
10	Business Plan and Case Studies	68.11	35.00%	23.84	
11	Total		100.00%	77.36	2

1	RAIL SYSTEM ADVERTISING	Average Score	Factor Weight	Weighted Average Score	Rank
2	Firm #1 Intersection Parent, Inc.				
3	Revenue	77.37	35.00%	27.08	
4	Qualifications of Firm	86.80	30.00%	26.04	
5	Business Plan and Case Studies	84.29	35.00%	29.50	
6	Total		100.00%	82.62	1
7	Firm # 2 Outfront Media, LLC				
8	Revenue	86.51	35.00%	30.28	
9	Qualifications of Firm	85.53	30.00%	25.66	
10	Business Plan and Case Studies	53.94	35.00%	18.88	
11	Total		100.00%	74.82	2

C. Revenue Fairness Analysis

The recommended Revenue Share/Minimum Annual Guarantee (MAG) has been determined to be fair and reasonable based upon adequate competition and in comparison with Metro's Revenue Estimates. Additionally, at the end of each year,

each firm shall pay to Metro the amount, if any, by which the revenue share for each contract year exceeds the MAG paid to Metro for that contract year.

D. Background on Recommended Contractor(s)

Intersection Parent, Inc., (Intersection) formerly Titan, located in New York City, NY, was established in 2016. Intersection employs over 600 people in ten offices around the United States. Intersection has provided advertising revenue services to SEPTA, DART, NJ Transit, NYMTA, BART and Chicago Transit Authority, among others.

Outfront Media Group, LLC (Outfront)

Outfront Media Group was established in 1968, and is located in New York City, NY. Outfront employs 2,181 people. In addition to Metro, Outfront provides similar services to NYMTA, Boston's MBTA, Washington DC's WMATA, Atlanta's MARTA, Miami-Dade Transit, Detroit, MI DOT, OCTA, and Long Beach Transit, as well as other agencies.

RFP No. PS41099 – System Advertising Financial Summary

Best and Final Offer (BAFO)

Financial Comparison – Revenues & Capital Investments

BUS REVENUES		
	INTERSECTION	OUTFRONT
Minimum Annual Guarantee (MAG)	\$241,690,525	\$262,250,000
Additional Revenue Share (subject to actual gross receipts)	\$51,303,970	\$19,281,765
Est. Metro share	\$292,994,495	\$281,531,765

RAIL REVENUES		
	INTERSECTION	OUTFRONT
Minimum Annual Guarantee (MAG)	\$42,902,214	\$47,750,000
Additional Revenue Share (subject to actual gross receipts)	\$183,508,473	\$17,318,235
Est. Metro share	\$226,410,687	\$65,068,235

CAPITAL INVESTMENTS	
INTERSECTION	OUTFRONT
\$19,750,000	\$22,650,000
754 Customer Info Panels (interactive)	735 Digital advertising displays
57 LinkLA units (interactive)	400 ON Smart Liveboards (interactive)
10 Station activations (interactive)	25 PALO kiosks (interactive)
Optional Expansion	
\$12,500,000	
143 LinkLA units (interactive)	

RFP No. PS41099 – System Advertising Financial Summary

Agency Cost Savings

Estimated Cost Savings – 10% Ad Usage

ADVERTISING COSTS SHEET (PRODUCTION & MEDIA SPACE)			
ITEM	2016 ANNUAL SALES (ACTUALS)	PRODUCTION UNIT COST	MEDIA SPACE UNIT COST
Rail Full Wraps	148	\$13,500	\$5,500
Bus Full Wraps	121	\$9,000	\$5,500
Bus Supra King Wraps	n/a	\$1,500	\$5,000
Rail Kings	7,620	\$30	\$450
Bus Kings	44,016	\$30	\$450
Bus Tail Kings	n/a		\$225
Bus Tail Wraps	n/a		\$225

**Production and media space unit cost provided by Outfront Media*

METRO 10% AD USAGE (PRODUCTION & MEDIA SPACE COSTS)			
ITEM	10% METRO ALLOTMENT	PRODUCTION TOTAL COST	MEDIA SPACE TOTAL COST
Rail Full Wraps	14	\$202,500	\$82,500
Bus Full Wraps	12	\$108,000	\$66,000
Bus Supra King Wraps			
Rail Kings	762	\$22,860	\$342,900
Bus Kings	4,401	\$132,030	\$1,980,450
Bus Tail Kings			
Bus Tail Wraps			
Totals		\$465,390	\$2,471,850
		GRAND TOTAL	\$2,937,240

RFP No. PS41099 – System Advertising Financial Summary

Contract Comparison

Current Contracts vs New Contracts

	CURRENT CONTRACTS	NEW CONTRACTS
Bus Revenue	\$104,250,000	\$262,250,000
Bikes Racks (additional) *	\$136,063	<i>included above</i>
Additional Revenue Share	-	\$19,281,765
Rail Revenue	\$5,750,000	\$42,902,214
2-Sheets (additional) *	\$316,058	<i>included above</i>
Additional Revenue Share	-	\$183,508,473
Totals	\$110,452,121	\$507,942,452
	5 Year contract	10 Year contract
	Minimum annual guarantee (MAG) only	Revenue share + MAG

**Does not include Additional Revenues for 2017*

DEOD SUMMARY

**METRO SYSTEM ADVERTISING - LICENSE TO SELL AND DISPLAY
ADVERTISING ON METRO BUS AND RAIL SYSTEMS/PS41099B and PS41099R**

A. Small Business Participation

For this revenue generating procurement, the Diversity and Economic Opportunity Department (DEOD) determined that a goal is not applicable to the system advertising contract, which will not utilize any federal, state and/or local funds.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.

Metro System Advertising Contract Recommendation to Award

**Communications Department
Vendor/Contract Management Department**

January 25, 2018



Metro

Opportunities Through New Contract

- This new contract is an opportunity to enhance the customer experience through digital technology.
- Allows Metro to provide customers with real-time information and amenities like free WiFi, free calls, an interactive tablet, and USB charging stations.
- Supports Metro's goal to advance innovation and technology.
- Revenue generated through this contract will contribute to Metro delivering the 28 by '28 initiative.

Contract Goals

1. Enhance the customer experience

Leverage technology to enhance the customer experience by upgrading static map cases to digital customer information panels (CIPs), and enabling real-time management and flexibility of customer information.

2. Reduce cost

Secure free and guaranteed advertising space and no print/production costs to the agency.

3. Increase revenue generation

Maximize agency's vast and growing capital assets to generate additional revenue.

Two Proposals



Intersection Parent, Inc	Outfront Media Group, LLC
<ul style="list-style-type: none">• National media and technology company (formerly Titan Outdoor)• Privately held company	<ul style="list-style-type: none">• Incumbent contractor (formerly CBS Outdoor)• Publicly traded company
Clients: CTA, NJ Transit, SEPTA, BART, City of Philadelphia, LinkNYC, LinkU.K.	Clients: NYC MTA, MBTA, WMATA, LA Metro, LADOT, CALTRAIN

Staff Recommendation – Two Contracts

- **Award two contracts – one to each proposer**
- **Metro benefits from the strengths and expertise of each contractor**
 - Extensive experience and longevity in commendable performance of one firm
 - Innovation and forward-thinking technology to enhance the customer experience

Award Recommendation - Bus



Metro Bus System Contract

- \$262.25M in revenue to Metro over 10 years
- 35 years commendable service history for Metro
- Solid payment history with Metro
- Intricate knowledge of agency and Bus Operations
- No training or transition needed
- Utilizes certified DBE for installation management

Award Recommendation - Rail

Intersection

Metro Rail System Contract

- \$42.9M in revenue to Metro over 10 years
- \$19.7M in capital investment
- Improves the customer experience through innovation, utilizing digital advertising and customer information
- Delivers amenities for customers and station communities: free Wi-Fi, USB charging, 911 calls, interactive tablet, service disruptions, time-sensitive messaging
- Embraces advancing the participation of DBEs, SBEs and women-owned businesses on our municipal contracts



Procurement Summary



Metro®

Procurement: Schedule

April 2017	Request for Proposals issued
June 2017	Questions received, responses posted
August 2017	Two Proposals received
September 2017	Oral Presentations
October 2017	Evaluations
October 2017	Best and Final Offers requested and submitted

Procurement: Evaluation Team

Scoring Committee

- Marketing
- Countywide Planning
- Office of Management & Budget
- Operations
- Signage & Environmental Design

Advisors (non-scoring)

- Marketing, Vendor/CA
- Universal Studios Hollywood (non-Metro)

Procurement: Evaluation Criteria

Qualifications of Firm

30 percent

- Technical expertise
- Strength & stability of firm
- Past performance

Business Plan & Case Studies

35 percent

- Understanding the scope of work
- Details of business/work plan
- Optional deliverables, case studies

Revenue

35 percent

- Minimum guarantee

Procurement: Final Scoring

Bus System

- **Outfront Media Group, LLC** **78.48**
- **Intersection Parent, Inc** **77.36**

Rail System

- **Intersection Parent, Inc** **82.62**
- **Outfront Media Group, LLC** **74.82**



Enhancing the Customer Experience



Metro®

Enhancing the Customer Experience

Opportunity to enhance the customer experience by leveraging innovative technology and digital content

- Digital customer information panels that are versatile, replacing static map cases.
- Provides new amenities for customers & station communities such as free Wi-Fi, USB charging, free 911 and nationwide calls, and interactive tablet
- No capital cost to Metro – digital equipment funded by advertising revenues

Intersection

- 55-inch wide screens
- Placed on Metro property only
- Metro customer information
- Community information

Link LA Customer Info Kiosks



*Renderings for illustrative purposes only.
Subject to change based on street conditions
and siting criteria.*

Intersection

- Agency/community info
- Emergency messaging
- Free Wi-Fi
- Free calls including 911
- Interactive tablet
- USB charging

Customer Amenities



Customer Information Panels

Intersection

- 70-inch screens
- Placed on Metro property only



Freestanding Digital CIP on station platform with platform-specific METRO system map

Customer Information Panels

Intersection

- System maps
- Station maps
- Neighborhood maps
- Arrival information
- Service disruptions

Civic Center /
Grand Park



Customer Information Displays

- Digital screens include a self-dimming feature at night
- Light emanating from the screens provides an added safety benefit to riders
- Metro staff can share information in real-time and make updates as a situation evolves
- Digital signage program will apply to all Metro rail stations, major Orange Line and Silver Line stations, the El Monte Transit Hub and the Harbor Gateway Transit Hub

Digital Conversion Plan

Proposed Rollout Approach

- The contractor will audit Metro's system and provide a list of stations, their readiness for digital conversion, and logistics needs.
- Proposed design for each station/hub will be reviewed and approved by relevant Metro departments.
- Metro will reach out to cities prior to digital conversion.

Schedule

- Year 1: Audit the system, proposal approvals
- Years 2-5: Digital rollout



Reducing Costs & Increasing Revenue Generation



Metro

Background/History

- Expanded advertising identified as significant tactic to increase revenue in the Risk Allocation Matrix (RAM) approved by the Board in January 2016.
- System Advertising Policy was revised and now includes digital advertising, and was approved by the Board in February 2017.
- Metro's current Bus & Rail Advertising contract has been extended to allow time for new contract approval.

Reducing Cost & Increase Revenue

Reduce Cost

- Secure free and guaranteed advertising space and no print/production costs to the agency.

Increase Revenue

- Maximize agency's vast and growing capital assets to generate additional revenue.

Outfront – 35 Years of Partnership

- 35 years of commendable service history
- Solid payment history with Metro



OUTFRONT
media



Outfront – 35 Years of Partnership

- Intricate knowledge of Bus Operations
- Utilize certified DBE for posting management

**J. PEREZ
ASSOCIATES
INC.**

OUTFRONT
media



Minimum Guaranteed Revenues

Combined revenues to Metro for 10 years

Bus Revenue	\$262,250,000
Rail Revenue	\$42,902,214
10-Year Total	\$305,152,214

Rail Capital Investment

Committed capital investment for rail system

754 Customer Info Panels 57 LinkLA units 10 Station activations	\$19,750,000
143 LinkLA units	\$12,500,000 (optional)

Annual Agency Cost Savings

Metro 10% Ad Usage (Production & Media Space Costs)

ITEM	10% METRO ALLOTMENT	PRODUCTION TOTAL COST	MEDIA SPACE TOTAL COST
Rail Full Wraps	14	\$202,500	\$82,500
Bus Full Wraps	12	\$108,000	\$66,000
Rail Kings	762	\$22,860	\$342,900
Bus Kings	4,401	\$132,030	\$1,980,450
Totals		\$465,390	\$2,471,850
		Annual Savings	\$2,937,240

10-Year Total Contract Value

Rail Revenue	\$42,902,214
Bus Revenue	\$262,250,000
Capital Investments	\$19,750,000
Agency Cost Savings	\$29,372,400
Total Contract Value (minimum)	\$354,274,614

Forward-Thinking Contract

- 10 years with midpoint audit at end of 5th year
- Minimum annual guarantee (MAG) commitment
- Revenue share beyond MAG commitment
 - 55% to Metro (years 1-5)
 - 70% to Metro (years 6-10)
- Full audit access and detailed reporting
- Full compliance with Metro's standard terms and conditions, Fire Life Safety, and ADA compliance
- Commitment to install and maintain digital screens



Thank you.
Questions?



Metro®