

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

A large, stylized 'M' logo is visible in the background. The 'M' is composed of several white, 3D rectangular blocks arranged to form the letters. The logo is set against a dark green circular background, which is itself surrounded by a wide, curved orange band. The overall design is modern and geometric.

Procurement Summary



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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



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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



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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

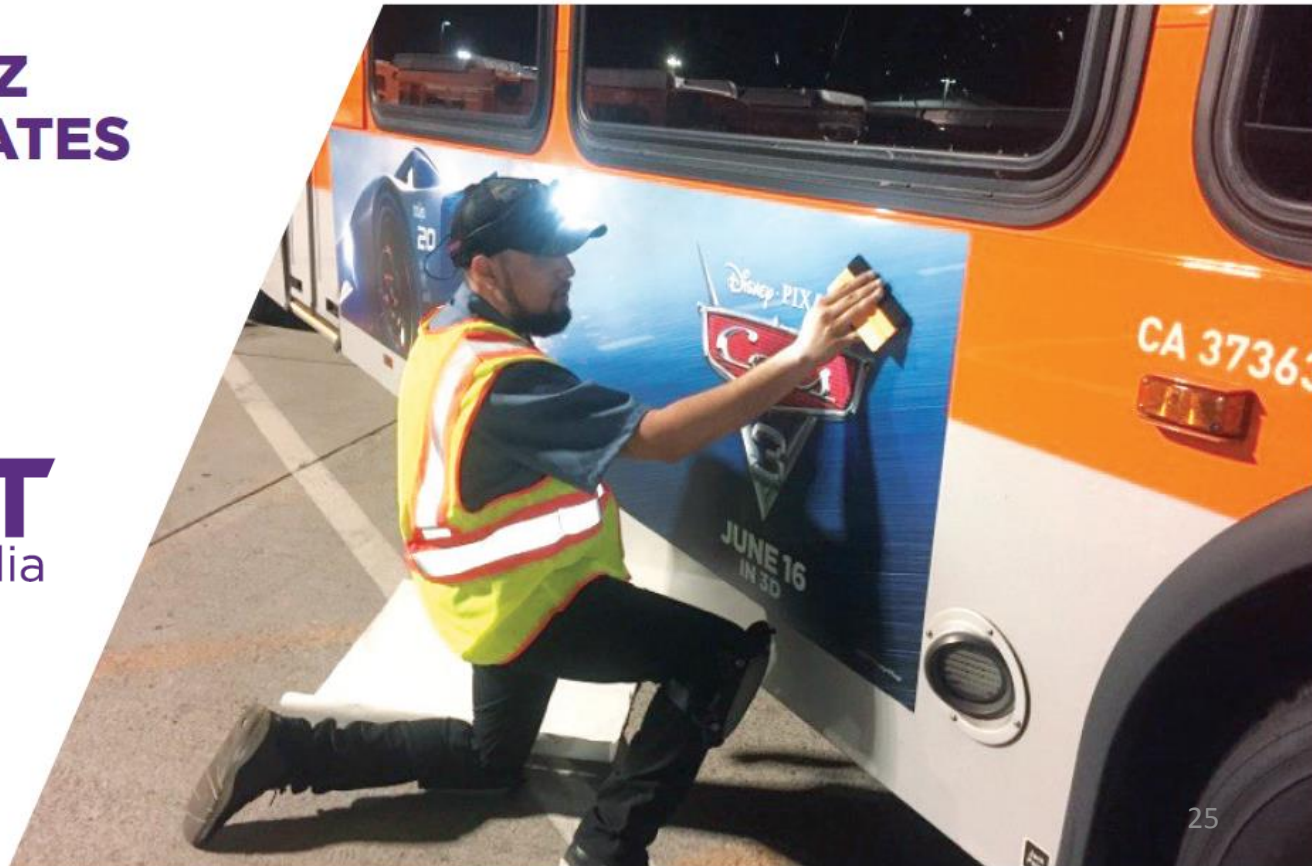


Outfront – 35 Years of Partnership

- 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?



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