



## Board Report

File #: 2024-1099, File Type: Contract

Agenda Number: 20.

### EXECUTIVE MANAGEMENT COMMITTEE JANUARY 16, 2025

**SUBJECT: ADVERTISING AND COMMUNICATIONS SERVICES**

**ACTION: AWARD CONTRACT**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a firm fixed unit rate Contract No. PS123964000 to GP Generate, LLC to provide advertising and communications services in the Not-to-Exceed (NTE) amount of \$1,435,875 for the three-year base term, and \$957,250 for the two-year option term, for a total NTE amount of \$2,393,125, effective February 15, 2025, subject to resolution of any properly submitted protest (s), if any; and
- B. PASS-THROUGH the award of individual media purchases associated with the advertising and media services to be provided by GP Generate, LLC for a total NTE amount of \$9,000,000 for the first three-year period and additional pass-through costs of \$6,000,000 for the option term under Contract No. PS123964000, for a total combined NTE contract value of \$17,393,125.

#### **ISSUE**

Metro's current media buying agency expires on February 28, 2025 and the new media buying agency will start on February 15, 2025 which ensures a smooth transition, avoids disruptions, and allows the new agency time to onboard. Media buying is essential for Metro to effectively communicate with its riders, the communities it serves and potential new riders.

Media buying, often referred to as advertising, enables strategic placement of communication materials including ads across a multitude of media channels and environments with custom messaging to address riders' specific needs. Strategic media buying ensures Metro's transit information and recommendations reach the right audiences, empowering riders to navigate the city efficiently and encouraging non-transit riders to try using Metro. Metro does not have the staff internally to implement media buys. To ensure no disruption in communications outreach efforts, Metro must use a media agency with advanced digital marketing expertise, local insights, and the ability to maximize impact across all platforms.

#### **BACKGROUND**

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A media buying agency is vital for Metro to maximize its ability to reach key audiences, particularly in Equity Focus Communities (EFCs). Strategic ad placements across media channels require a team to research and secure premium exposure at optimal rates, ensuring cost-effective outreach. With a dedicated advertising agency, Metro can deliver tailored transit messaging to underserved areas, and maximize investments by ensuring campaigns are effective, affordable, and efficient wherever they are placed.

Additionally, Metro does not have the same purchasing power as specialized media agencies, which can secure more favorable rates due to their leverage and buying power across multiple clients. Partnering with a media agency will ensure Metro maximizes the value of the media investments while benefiting from industry expertise and cost efficiencies.

The increase in Metro's media placements to retain and attract new riders demands more data analysis, media buying on newer platforms, and creative development, all requiring specialized staff and accounting support. To meet Metro's growing needs, the goal of this procurement was to contract a full-service media buying agency with capabilities to support transit ridership growth, announcing rail openings, service changes, safety improvements, community outreach events and more. This new agency will work closely with Metro's marketing team to assess the advertising budget and develop integrated plans for campaigns that advance Metro's products, services, and brand. The contract will enhance Metro's strategy across all advertising channels, including print, outdoor, broadcast, experiential, digital, programmatic, native, paid and organic search, social, mobile, and emerging media.

## **DISCUSSION**

The recommended advertising agency possesses the necessary competencies to plan, purchase, and execute media advertising campaigns to support the department in achieving the agency's business and communications goals, as outlined above. The project scope consists of the following four services:

- Advertising Strategy Services
- Media Planning and Buying Services
- Analytics and Insight Services
- Creative Development Services
- Administration and Billings Services

These services include developing integrated media strategies and executing media buys across paid, earned, and owned channels. This involves identifying emerging media opportunities, supporting social media campaigns, negotiating competitive advertising rates, and fostering relationships with multiethnic media outlets to target local communities. Services also include researching the effectiveness of individual advertising outlets in delivering Metro's message. The focus is on digital channels and social media platforms, using content such as display, native ads, rich media, and mobile executions. Additionally, the contract covers end-to-end billing management,

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coordinating with vendors/media partners, and submitting consolidated monthly invoices to Metro Accounts Payable department. Payments for media buys will be treated as pass-through expenses per campaign or project.

**DETERMINATION OF SAFETY IMPACT**

There are no safety issues or impacts associated with this procurement.

**FINANCIAL IMPACT**

In assessing Metro’s potential budget for the life of the Contract, Metro’s Marketing department will be responsible for overseeing \$2,393,125 in advertising and communications services along with the estimated \$15,000,000 pass-through costs over the five years that the contract will be in place. The pass-through costs, inclusive of a two-year option, are for both traditional marketing channels (broadcast & cable TV, terrestrial radio, print, outdoor, experiential) and digital channels (websites, social media, native, paid & organic search, connected TV, streaming TV & radio, programmatic and emerging media).

The FY25 Budget includes \$104,523 in Cost Center 7140, Marketing, under Projects 306001 Operations Transportation and 300033 Rail Operations - C Line, for this contract.

Since this is a multi-year contract, the cost center manager and Chief Customer Experience Officer will be accountable for budgeting the cost in future years.

**Impact to Budget**

The sources of funding are operating eligible federal, state, and local resources, which are eligible for bus and/or rail operating expenses.

**EQUITY PLATFORM**

The recommended media agency contract reinforces Metro’s dedication to equity and inclusion by implementing targeted strategies to effectively engage all customers and stakeholders. This initiative prioritizes outreach to communities of color and underserved populations through various disciplines, including strategic marketing and communications, messaging, creative design, content development, partnerships, and public relations. Engagement with Community-Based Organizations (CBOs) will be incorporated into strategic marketing plans as needed. By understanding how marginalized or vulnerable communities interact with the city and the transit system, Metro aims to enhance communication, drive equitable outcomes, and improve the customer experience.

The recommended agency demonstrates a strong commitment to advancing diversity, equity, and inclusion. Its innovative and precise approach to media planning and buying reflects its dedication to connecting with low-income groups, people of color, and other marginalized populations. The agency utilizes industry research and analytics tools to deepen media buying strategy and engagement with diverse and multicultural communities.

The Diversity and Economic Opportunity Department (DEOD) established a 3% Small Business Enterprise (SBE) and 3% Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. GP

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Generate LLC, a SBE prime, exceeded the goal by making a 42.96% SBE and 6.53% DVBE commitment.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended actions support the following goals:

Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.

Goal 2: Deliver outstanding trip experiences for all users of the transportation system.

Goal 3: Provide responsive, accountable, and trustworthy governance within the Metro organization.

A new media buying agency contract will allow the agency to effectively reach and communicate to diverse ethnic and socio-economic audiences authentically, meaningfully and responsively on all the agency's projects, programs and initiatives.

### **ALTERNATIVES CONSIDERED**

The Board could consider directing Metro to build the media buying team in house, but that alternative is not recommended. To meet Metro's high-volume advertising needs, Metro would require a media buying team with strong digital expertise and local connections. Establishing an in-house media buying and advertising team would require hiring at least six additional full-time employees with expertise in media planning and buying with a focus on digital marketing. In addition, staff would need to invest in new tools and software. Staff has determined that hiring an agency is not cost effective for Metro. This alternative would also require procurement and periodic upgrades of software and tools for campaign and tag management, ad serving, insights and analytics and market research to keep pace with the ever-evolving advertising and media landscape.

### **NEXT STEPS**

Upon Board approval, staff will execute Contract No. PS123964000 with GP Generate, LLC to provide advertising and communications services, effective February 15, 2025.

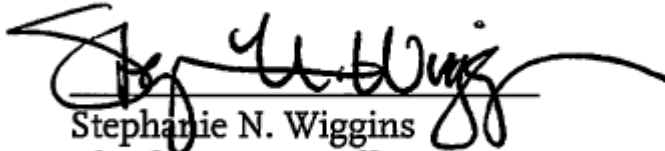
### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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