



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL:		DocuSigned by: <i>Michael Jones</i> 47000790F2D7463...		GENERAL MANAGER ACTION REQ'D:	
DATE: 5/24/2022		6/1/2022		BOARD INITIATED ITEM: No	
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				District Secretary []	
				BARC DocuSigned by: <i>Pamela Herhold</i> 3BB24D65B8724F5... 5/31/2022 []	

Authority to Make Advertising Media Purchases in Excess of \$100,000 per Vendor per Fiscal Year

PURPOSE:

To request Board authority to set up on-call contracts with media companies to help inform the public about ridership-building campaigns, track closures, HR recruiting campaigns and other BART initiatives as needed. This is not a request for additional funding, but simply authority to use budgets already in place to purchase media when necessary. This is not a new request, but an extension of a program that was approved in 2017 and is expiring at the end of this Fiscal Year.

DISCUSSION:

Due to the consolidation of the Bay Area Media market, only a handful of vendors own the majority of radio stations in the area. Since payments for radio advertising time are made to media groups, not individual stations, it is often difficult to stay under the \$100,000 annual limit on the GM's authority to enter services agreements when it is necessary to convey important messages to the public, e.g., ridership-building campaigns, track closures, HR recruiting campaigns and other BART initiatives throughout the year.

In-line with current advertising best-practices, BART has also begun to use web, social media, mobile and streaming radio advertising, with Zero Co. and Pandora as the two primary vendors used so far to be included in the on-call contracts.

There are multiple weeks of scheduled track work each year through FY 2027, many of which will be funded by Measure RR, and will require public notification of track closures,

bus bridges and other information about the work. We also plan to continue Marketing campaigns to build post-pandemic ridership. Additionally, the Marketing Department places ads for other BART departments (BPD, HR, OCR, Planning). To support advertising across BART departments requires exceeding the annual limit to individual vendors.

The above-mentioned media outlets are not the only ones BART uses, but are the only outlets impacted by the \$100,000 limit on the GM's authority to enter service agreements that need to be addressed at this time. BART routinely advertises on multiple Spanish radio stations and in several non-English newspapers (Spanish, Chinese, Vietnamese, Korean, East Indian, etc.), Chinese language TV and other smaller media outlets (Oakland Post, Bay Area Reporter, League of Women Voters Monitor and many others). These vendors do not have the level of consolidation we've seen in the radio or online advertising markets and/or have lower reach and rates and have not exceeded the \$100,000 threshold.

The Marketing Department always negotiates for competitive advertising rates and has been successful in reducing costs by not paying the 15% commission typically charged by ad agencies because it places the buys or uses a buyer who charges an hourly rate rather than taking commissions. Additionally, Marketing is cost conscious in its media buying, and declines to purchase ads through certain outlets when rates are too high. Authorizing an increased spending limit will allow flexibility to take advantage of special rates when they arise.

FISCAL IMPACT:

This is not a request for more funding, but simply authority to use budgets from capital projects, the Marketing Department and other BART departments already in place.

Funds for the initial costs are included in the adopted operating budget for FY 23. Funds for subsequent fiscal years will be requested as part of the Marketing Department's budget and budgets from other departments and capital projects.

Advertising spending will not exceed \$1.4 million per Fiscal Year for each Fiscal Year through FY28.

ALTERNATIVES:

No action and the existing program will lapse. Then the standard limit on the GM's authority of up to \$100,000 per vendor, per year will resume. Advertising of BART initiatives will be limited.

RECOMMENDATION:

Authorize on-call contracts for media buying with vendors to include but not be limited to iHeart Media, Bonneville International, Cumulus, Audacy, Pandora and Zero Co. for FY23 through FY28 with funds coming from existing project, Marketing and other BART department budgets not to exceed \$1.4 million per fiscal year.

Allow additional media vendors to be added as needed, but within the overall annual cap of \$1.4 million, to provide the District with negotiating flexibility to obtain good value as the media market continues to evolve over the next several years.

MOTION:

Authorize the General Manager to execute on-call contracts for media buying with vendors to include but not be limited to iHeart Media, Bonneville International, Cumulus, Audacy, Pandora and Zero Co. for FY23 through FY28 with funds coming from existing project, Marketing and other BART department budgets not to exceed \$1.4 million per fiscal year.

Allow additional media vendors to be added as needed, but within the overall annual cap of \$1.4 million, to provide the District with negotiating flexibility to obtain good value as the media market continues to evolve over the next several years.