

## Communication from Public

**Name:** Ron Bitzer  
**Date Submitted:** 12/15/2022 08:43 AM  
**Council File No:** 20-1536-S3  
**Comments for Public Posting:** "A predictable funding source..." from installing & upgrading transit shelters and associated amenities to provide shelter, shade, safety and comfort to riders and pedestrians is a confusing issue based on the attached comparison of predictions from (a) this November 22nd Motion and (b) the final Contract on October 6, 2022.

## **Rethinking Projected Financial Revenue for the City In Years 1-3 from a Street Transit & Amenities Program (STAP)**

*December 2022*

*ronbitzer49@gmail.com*

“The California Environmental Quality Act<sup>1</sup> is often pesky and blatantly abused,”  
Los Angeles Times, December 12, 2022.

Yet-to-be determined is the outcome of two lawsuits filed in October 2022 alleging that the City has not followed the CEQA requirements before contracting with vendors for digital billboards and other “street furniture” on approximately 21 percent of the City land area.

A November 22nd City Motion (Raman, Bonin, Blumenfield) from Public Works and Budget/Finance Committees aims to enhance public support for the October 6, 2022 City contract with a new vendor for City “street furniture” — prominently including digital billboards (a) on the public right of way and (b) at kiosks (CF 20-1536-S1; CF 20-1536-S3, Chief Administrative Office file 0150-11784-0001).

It asks City Council to require the Chief Legislative Analyst — assisted by the CAO and Bureau of Street Services — to report within 60 days on the creation of a new City program (**RAISE LA**) to administer the STAP. The program would be involved in funding additional capital improvements (ADA accessibility, new sidewalks, tree planting, bike parking), as the STAP vendor distributes annual advertising revenue according to provisions of the October 6th final contract (which differ from the Motion).

The public may be better served by review of the October 6th contract and not the November 22nd motion to assess if “.... new funding for more holistic projects like planting shade trees”, (Motion, p.2) can even be construed from the published models of the Tranzito-Vector LLC contractor for STAP.

With capital costs projected to be \$237,000,000.00 just for the City’s capital STAP contribution for replacing 1,884 existing transit shelters and adding up to 1,249 new transit shelters over 3-6 years beginning in 2023, how realistic is the notion of funding from advertising for **RAISE LA’s** added projects?

---

<sup>1</sup> “In most cases the only way to hold developers and local governments accountable is to sue them,”  
Fulton and Shigley, *Guide to California Planning*, 2018, pp. 12-13.

**RAISE LA Motion vs. STAP Contract — Projected Revenue**  
to the City from Minimum Annual Guarantees / Share of Revenue in Years 1-3

	<b>RAISE LA Motion ---</b>	<b>October 6th STAP Final Contract</b>
	<b>Projections</b>	<b>Projections</b>
<u>Year One</u>		(Page 5)
<i>Minimum Annual Guarantee to City</i>	<i>\$6 million</i>	<i>\$6 million one-time Agreement Vendor Fee (City may construct 115 Transit Shelters with fee)</i>
<u>Years Two - Three</u> (Each Year)		
<i>Minimum Annual Guarantee</i>	<i>\$10,000,000.00</i>	<b><i>\$ 383,333.00 plus</i></b>
<i>City's Share of Advertising Revenue</i>	<i>\$ 5 M - \$30 M</i>	<i>To be determined</i>
<i>Annual <b>Total</b> Revenue to City (Years 2&amp;3)</i>	<u><i>\$15 M - \$40 M</i></u>	<u><b><i>\$ 383,333.00 plus</i></b></u> <i>To be determined</i>
<i>Projected Years 1-3 Total Revenue</i>	<i>\$36 M - \$86 M</i>	<i>\$ 766,666.00 plus</i>
<i>"As a predictable funding source..." 11/22/22 Motion</i>		

NOTE: STAP contract restricts \$6 million Agreement Fee to constructing 115 transit shelters,

**Major Role for Non-Shelter Digital Billboards — “Yet-to-Be Determined” Projects on the Public Right of Way**

Missing from the November 22nd RAISE-LA Motion is any discussion of a significant source of advertising revenue not previously available in the Coordinated Street Furniture Program — installation of digital kiosks and digital billboards at non-transit locations — preferably at “super premium” and “premium” sites as defined in the Contract. Previously, the RFP for STAP encouraged inclusion of 770 highest revenue transit shelters in an applicant’s proposed plan.

Committee discussion refers to a pending amendment to the municipal code to be enacted (CF 20-1536) after August 18th to “... enable the BPW (Bureau of Public Works) to provide *final approval* for sites for new street furniture with advertising panels, including those with digital displays which are new to the City in the public right of way ... The number, locations and exact timeline of new street furniture under the proposed contract (also in the final contract) are *unknown at the present time*” (emphasis added).

Non-shelter advertising is projected to secure fully 32 percent of a 10-year lifetime of STAP advertising revenue in the published *pro forma* (Contract, CAO File 0150-11784-0001, p. 145). See below.

Totals		31-Dec-2021	31-Dec-2022	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-2026	31-Dec-2027	31-Dec-2028	31-Dec-2029	31-Dec-2030	31-Dec-2031
CHECKS: TRUE		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
REVENUE		1.000	1.000	1.000	1.001	1.003	1.126	1.159	1.194	1.230	1.267	1.305
CPI: 3.0%												
<b>Advertising Revenues by Type</b>												
<b>Digital (Shelters)</b>		307,820,686	14,960,244	28,948,296	28,319,678	29,835,624	31,363,986	33,781,088	34,570,293	35,482,710	36,349,415	37,237,381
<b>Digital (Non-Shelters)</b>		145,411,335	6,947,210	12,824,828	13,633,277	14,186,312	14,951,079	15,776,455	16,132,665	16,581,174	16,976,787	17,381,879
			2,216,135	7,098,000	11,970,179	13,433,350	15,004,875	16,333,300	16,644,771	17,209,102	17,636,086	18,496,187
			2,164,500	4,329,000	4,500,000	4,680,000	4,680,000	4,680,000	4,641,975	4,846,222	5,102,320	5,370,406
			28,299,879	59,186,822	58,423,734	62,897,486	66,599,910	70,840,743	72,814,784	74,119,288	76,264,888	78,475,846
<b>Total Advertising Revenues by Type</b>		<b>634,883,128</b>										
<b>Advertising Revenues by Unit</b>												
Shelters		444,654,780	17,176,369	33,043,296	40,289,857	43,269,174	46,966,831	50,064,288	51,220,064	52,691,812	54,165,501	55,723,568
Panels		44,917,024	2,164,500	4,329,000	4,500,000	4,680,000	4,680,000	4,680,000	4,641,975	4,846,222	5,102,320	5,370,406
Kiosks		58,940,584	4,237,834	7,809,746	8,366,810	8,865,846	9,160,261	9,626,916	9,857,803	10,126,186	10,369,159	10,618,003
Vioses		10,455,652	506,060	906,204	975,031	1,020,334	1,073,626	1,143,773	1,170,997	1,200,975	1,229,574	1,256,659
Other Advertising Revenues by Unit		634,883,128	26,299,879	59,186,822	58,423,734	62,897,486	66,599,910	70,840,743	72,814,784	74,119,288	76,264,888	78,475,846
Commissions & Fees		(139,696,256)	(5,763,817)	(11,043,301)	(12,853,232)	(13,652,647)	(14,651,806)	(15,518,963)	(15,843,235)	(16,306,226)	(16,775,209)	(17,264,666)
Net Advertising Revenues		<b>495,286,833</b>	<b>20,696,282</b>	<b>39,163,621</b>	<b>45,878,513</b>	<b>48,484,829</b>	<b>51,847,830</b>	<b>55,692,179</b>	<b>56,171,469</b>	<b>57,812,982</b>	<b>59,486,278</b>	<b>61,211,189</b>
Net Advertising Revenue YOY Growth			39.4%	16.4%	12.5%	7.3%	6.9%	7.1%	2.9%	2.9%	2.9%	2.8%
Net Advertising Revenues per Screen			86,827	10,212	0,386	7,286	7,031	6,294	6,467	6,815	6,967	9,227
Other Revenues		3,815,666	2,560,000	123,600	127,308	131,127	135,061	139,113	143,286	147,565	152,012	156,573
<b>Total Net Revenues</b>		<b>499,102,499</b>	<b>23,666,282</b>	<b>39,277,121</b>	<b>46,005,821</b>	<b>48,615,956</b>	<b>52,082,891</b>	<b>55,160,892</b>	<b>56,314,755</b>	<b>57,960,647</b>	<b>59,638,291</b>	<b>61,367,732</b>
<b>Advertising Revenue per Screen</b>												
Shelters			11,155	10,326	8,394	7,212	7,826	8,347	8,537	8,782	9,031	9,287
Panels			21,645	43,290	45,000	46,020	46,800	46,800	46,420	48,462	51,023	53,704
Kiosks			13,907	26,019	27,822	28,579	30,133	31,667	32,437	33,310	34,109	34,923
Lockers			11,502	20,396	22,160	23,189	24,405	25,995	26,614	27,395	28,445	28,610
Docks			11,899	21,551	23,072	24,067	25,360	26,915	27,548	28,347	28,814	29,597
<b>Blended</b>			<b>12,893</b>	<b>13,953</b>	<b>18,762</b>	<b>8,264</b>	<b>18,829</b>	<b>18,823</b>	<b>18,468</b>	<b>11,173</b>	<b>11,496</b>	<b>11,829</b>
<b>Net Advertising Revenues</b>												
<b>Shelters</b>												
Super Premium - Iron static		43,290										
Super Premium - Base digital		30,700										
Premium - Iron static		43,290										
Premium - Base digital		36,647,453	1,728,490	3,570,000	3,569,260	3,621,690	3,637,000	3,914,352	3,982,039	4,077,482	4,153,942	4,237,020
High-Quality - Iron static		31,433										
High-Quality - Base digital		18,471,200	9,429,264	14,713,296	16,517,798	18,084,144	18,826,356	21,022,248	21,547,804	22,066,499	22,530,002	23,048,638
Standard - Eco-per static		4,875										
Standard - Eco-per static		49,044,076	17,176,369	33,043,296	40,289,857	43,269,174	46,966,831	50,064,288	51,220,064	52,691,812	54,165,501	55,723,568
Total Shelters		444,654,780										
Panels												
Super Premium		43,290										
Premium		44,917,024	2,164,500	4,329,000	4,500,000	4,680,000	4,680,000	4,680,000	4,641,975	4,846,222	5,102,320	5,370,406
High-Quality		31,433										
Total Panels		44,917,024	2,164,500	4,329,000	4,500,000	4,680,000	4,680,000	4,680,000	4,641,975	4,846,222	5,102,320	5,370,406

## Observations

The motion before City Council (CF 20-1536-S3) misrepresents the October 6, 2022 contract with Tranzito-Vector and estimates of the City's share of advertising revenue — especially in the early years when the past contractor maintains a claim on ad revenue generated from pre-existing street shelter locations during 2022-2026.

STAP proposes to fill this 5-year gap by selling digital advertising where the contractor can:

- Sell digital advertising on “Non-Shelters” previously disallowed on the public right-of-way. They will derive fully one-third or more of advertising revenue from this source.
- Draft contract projections refer --in August 2021 -- to advertising revenue from non-shelter digital screens on the public right of way (August 6, 2021 document Financial Model 4.2) ——. a year before the City amended Municipal Code Sections 67.01 (a) and 67.02 (b) to allow such signs or digital billboards.
- The Contract describes how Minimum Annual Guarantee will be reduced when fewer than 3,000 new transit shelters have opened. See below.

	Potential Revenue from Minimum Annual Guarantee										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Fiscal Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-23	
MAG (Baseline)	\$6,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$96,000,000
Alternate MAG	\$6,000,000	\$282,333	\$282,333	\$282,333	\$282,333	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$57,533,333

Alternate assumes existing furniture is not used for the sale of advertising AND that \$6 million is provided for 115 new digital shelters

The actual level of revenue may be lower or higher than what is discussed in this report if the level of City funding for the purchase and installation of new street furniture is different from the assumptions.