Anatomy of a Transit Amenity Contract

Assume a municipality or county wants to improve the amenities (bus shelters and bus benches) for their bus system. However, the municipality or county does not have the money and needs a public-private partnership to achieve the need. They advertise for a partner with an RFP bid request. Here are the typical partnership details:

The municipality or county will provide:

- public right-of-way

The partner will be responsible for the following at no cost to the municipality or county:

- Provide operations support with in-house employees or contractors
- Provide vehicles and equipment as required to install, service and maintain the amenities
- Provide and install new amenities as requested
- Upgrade existing amenities as needed
- Weekly cleaning of the amenities and trash removal
- Maintain and repair amenities including pressure washing, painting, illumination, accident damage, snow removal, etc.)
- Ensure all amenities are ADA compliant and meet local building codes
- Pay all utility bills for shelter illumination or provide solar powered LED kits
- Pay all assessed local real estate or personal property taxes to the municipality or county
- Provide general liability insurance and indemnify the municipality or county
- Provide performance bonds or LOC's as required
- Provide a sales team to sell advertising on the amenities to pay for the services provided
- Provide admin support to manage the advertising contracts and collect the sales revenue
- Provide the municipality or county with a minimum guarantee and/or a percentage of advertising sales for providing the public land

Regarding the contract stipulations that most municipalities and counties require:

- No political advertising permitted
- No alcohol advertising permitted
- No public service advertising permitted
- Municipality or county can use unsold space at no cost
- The contract will be for five years and possibly renewable for another five years
- At the end of the contract term, the municipality or county will be required to submit another RFP for continuation of the program
- The existing partner will have no equity in the amenities they provided
- Ownership of the amenities will be transferred to the municipality or county at no cost

Conclusion: Even with good performance, there is no guarantee that the existing partner will be retained. The governmental agency can award the contact to a new bidder who will benefit from the capital expenditures the former partner(s) have deployed. This format is not sustainable and very few companies are willing to make the investment required with such a low ROI. So the governmental agencies must accept the fact that they will have to pay for the amenities from their revenue share. And, after Covid-19, guarantees are going to be very limited, if offered at all. The revenue share will be based on a percentage of the sales revenues. The pure cost of maintaining the amenities is a highly valuable service at no cost to the taxpayer. Transit amenities can no longer be considered a hot commodity for income to the municipalities or county governments. Out of home companies prefer to invest in digital billboards.