



September 21, 2020

To: Members of the Board of Directors
From: Donna DeMartino, Managing Director *Donna DeMartino*
Subject: Amendment to Agreement for Pacific Surfliner Creative Services

Overview

On November 18, 2019, the Board of Directors approved an agreement with Pastilla, Inc., to provide creative services for the Pacific Surfliner marketing program for a one-year initial term and two, two-year option terms. An amendment is required to exercise the first option term of the agreement.

Recommendation

Authorize the Managing Director to negotiate and execute Agreement No. 1 to Agreement No. L-9-0013 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Pastilla, Inc., to exercise the first option term of the agreement effective January 1, 2021 through December 31, 2022, in the amount of \$500,000, to provide creative services for the Pacific Surfliner marketing program. This will increase the maximum obligation of the agreement to a total contract value of \$900,000.

Discussion

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) is responsible for marketing the Pacific Surfliner service in order to enhance public awareness of the service and increase ridership and revenue.

Design and creative services are required to create engaging content that will enable the LOSSAN Agency marketing staff to meet marketing program goals and position the Pacific Surfliner as a preferred transportation option. Quality designs and effective branding are components of the content marketing strategy for the Pacific Surfliner service. Pastilla, Inc. (Pastilla) will work closely with the LOSSAN Agency marketing team in order to produce compelling content, such as ridership campaigns, community sponsorship/partnership assets, continued rebranding efforts to the Café Car and other touchpoints throughout the train,

signage, illustrations, printed collateral, and various other design-related support that continues to develop and strengthen the Pacific Surfliner brand.

Procurement Approach

The original procurement was handled in accordance with the LOSSAN Agency's Board of Directors (Board)-approved policies and procedures for professional services. On November 18, 2019, the LOSSAN Agency's Board approved the award of the agreement with Pastilla. The original agreement was awarded on a competitive basis and includes a one-year initial term in the amount of \$400,000, and two, two-year option terms. The initial term of the agreement expires December 31, 2020, as described in Attachment A.

The proposed Amendment No. 1 is to exercise the first option term of the agreement through December 31, 2022. Amending this agreement will increase the maximum obligation by \$500,000, bringing the total contract value to \$900,000. The Contracts Administration and Materials Management Department has negotiated the option term's rates, and Pastilla has agreed to keep the same hourly rates as those in the initial term of the agreement. Exercising the first option term will allow Pastilla to continue providing marketing and creative services for the Pacific Surfliner marketing program.

Fiscal Impact

The LOSSAN Agency Board approved fiscal year (FY) 2020-21 and 2021-22 annual business plan on May 18, 2020, which included a marketing budget of \$2,000,000, plus the use of \$1,240,390 in prior year marketing funds. In July 2020, the California State Transportation Agency (CalSTA) approved marketing funding for FY 2020-21 at a reduced level of \$1,240,390, with the understanding that additional funds may be requested during planned quarterly budget reviews during FY 2020-21. Staff estimates the use of approximately \$250,000 in marketing funds will be used to cover expenses during FY 2020-21, contingent upon the approval of the LOSSAN Agency's amended FY 2020-21 budget, which staff anticipates bringing to the Board in November. The \$500,000 value of the option term is a not-to-exceed maximum obligation amount over the first option term. The actual marketing expenditures programed for this agreement for future FY's will be adjusted on an annual basis to be consistent with the LOSSAN Agency's Board-approved annual business plan and budget and funding amounts approved by CalSTA.

Summary

Staff recommends the Board authorize the Managing Director to negotiate and execute Amendment No. 1 to Agreement No. L-9-0013 with Pastilla, Inc., to exercise the first option term through December 31, 2022, in the amount of \$500,000 for a total contract value of \$900,000, to provide creative services for the Pacific Surfliner marketing program.

Attachment

- A. Pastilla, Inc., Agreement No. L-9-0013 Fact Sheet

Prepared by:



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