



# Proposed Change Order Contract No. 2016-099, Transit Advertising Sales

Organizational, Services & Performance  
Monitoring Committee

December 1, 2020

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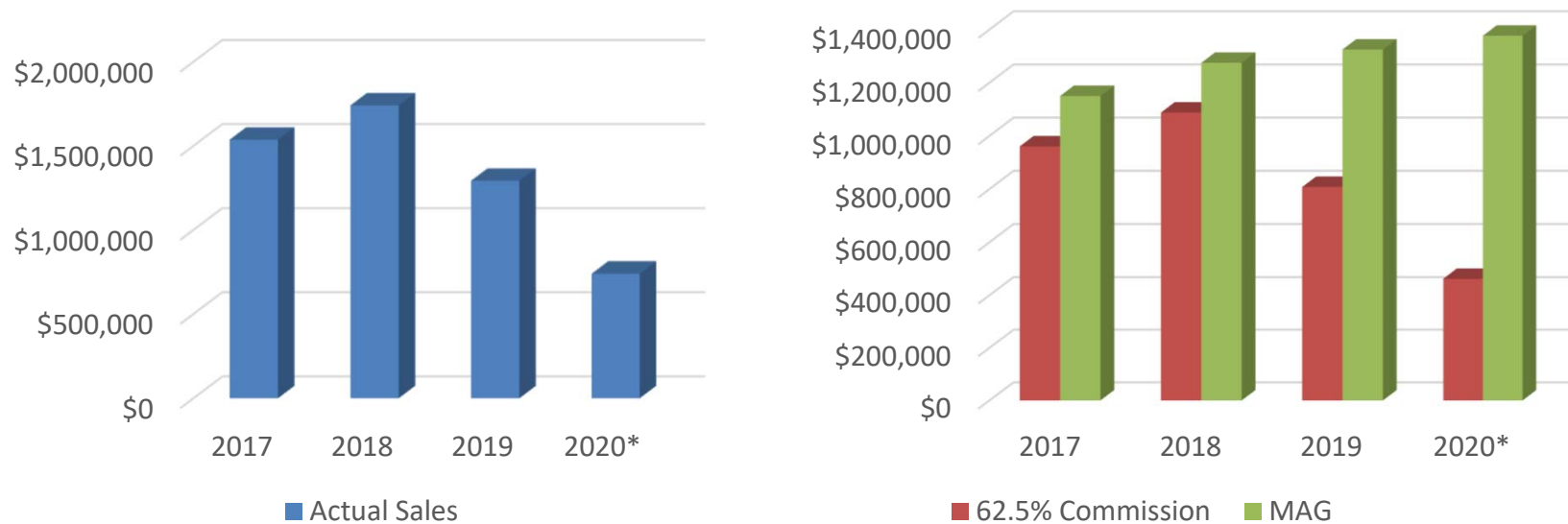
# 2016-099, Transit Advertising Sales

- Revenue-generating contract awarded November 2016 to Lamar Transit LLC (Lamar)
- Lamar selected to sell RTA's traditional advertising media (bus, rapid cars, passenger facilities)
- Three year base term with two, one-year options (both options exercised August 2019)
- Contract specifies Minimum Annual Guarantee (MAG)

# Minimum Annual Guarantee (MAG)

Contract Year	Minimum Annual Guarantee
1	\$1,150,000
2	\$1,275,000
3	\$1,325,000
4	\$1,375,000
5	\$1,425,000

# Lamar Transit Advertising Sales Performance



# Annual Transit Advertising Sales Commission vs. MAG

Contract Year	Minimum Guarantee	62.5% Sales Commission	Net Commission (+/-)
2017	\$1,150,000	\$960,000	(\$190,000)
2018	\$1,275,000	\$1,088,000	(\$187,000)
2019	\$1,325,000	\$808,000	(\$517,000)
2020	\$1,375,000	\$462,000	(\$913,000)
<b>TOTAL</b>	<b>\$5,125,000</b>	<b>\$3,318,000</b>	<b>(\$1,807,000)</b>

# Proposed Change Order

Due to the significant impact the COVID-19 pandemic has had on advertising sales, Lamar is requesting financial relief in the form of a reduced Minimum Annual Guarantee.

# Proposed Change Order

- Reduce Minimum Annual Guarantee for Year 5 of the contract to \$523,312
- MAG paid in 12 monthly payments of \$43,609.42
- Final 62.5% commission reconciliation at year-end 2021

# Proposed 2021 MAG

Contract	Contract MAG	Revised MAG	Sales Threshold for Supplemental Commission*
Transit (Bus/Rail)	\$1,425,000	\$523,312.79	\$837,300.46
Shelters	\$140,000	\$151,687.21	\$242,699.54
Total	\$1,525,000	\$675,000	

\*At year-end, RTA will receive additional 62.5% on all sales over \$837,300



## Recommendation

Staff requests that the Organizational, Services & Performance Monitoring Committee recommend to the Board of Trustees the approval of the proposed Change Order to Contract No. 2016-099, Transit Advertising Sales, with Lamar Transit LLC.