



## STAFF REPORT

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**DATE:** October 25, 2021  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Devra Selenis, VP, Communications and Partnerships  
**SUBJ:** APPROVING THE THIRD AMENDMENT TO THE CONTRACT FOR LIGHT RAIL VEHICLE AND STATION ADVERTISING WITH LAMAR TRANSIT, LLC

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Approval will allow the continuation of the current contract with Lamar Transit, LLC (“Lamar”) for Option Year 6 to provide additional opportunities to generate revenue from light rail vehicle and station advertising sales.

### FISCAL IMPACT

Continuing the contract for one option year will provide more opportunities for Lamar to guarantee additional revenue for SacRT, especially as the economy rebounds from the pandemic and advertisers return. Under the Contract, as amended by the Second Amendment, which reduced the overall vehicle availability, SacRT will receive a Minimum Annual Guarantee (MAG) of \$254,118 plus any additional shared revenue higher than the MAG.

### DISCUSSION

On December 6, 2016, SacRT executed a Contract with Lamar for the sale of interior and exterior advertising on light rail vehicles and stations for a 5-year term, which is set to expire on December 5, 2021. For each Contract Year Lamar is obligated to make a MAG payment to SacRT at the beginning of the year and then subsequently perform a year-end calculation to determine if the “Revenue Share” payment (55% of net revenues) is higher than the MAG, in which case Lamar pays SacRT for the differential between the two amounts.

With an aging fleet of light rail vehicles, many well past their useful life, the number of light rail vehicles out for service has impacted the terms and conditions of the agreement with Lamar for interior and exterior light rail vehicle advertising. The MAG was initially based on a formula using up to 85 light rail vehicles to determine the amount Lamar would pay SacRT each contract year.

In November 2020, SacRT entered into the Second Amendment to the Contract for Light Rail Vehicle and Station Advertising Agreement with Lamar. Effective upon execution of the amendment, light rail vehicle availability was permanently decreased from 85 light rail vehicles to 45 light rail vehicles for advertising. The terms negotiated in the Second Amendment to the Contract for Light Rail Vehicle and Station Advertising Agreement would be extended to Option Year 6 as well, which will reduce the MAG to \$254,118.

SacRT has had a long-standing collaboration with Lamar that has provided additional revenue for SacRT over the last five years and helped improve SacRT's image by wrapping light rail trains instead of SacRT having to cover the cost of repainting the fleet.

RESOLUTION NO. 21-10-0115

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

October 25, 2021

**APPROVING THE THIRD AMENDMENT TO THE CONTRACT FOR LIGHT RAIL VEHICLE AND STATION ADVERTISING RIGHTS WITH LAMAR TRANSIT, LLC**

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Third Amendment to the Contract for Light Rail Vehicle and Station Advertising by and between the Sacramento Regional Transit District (therein "RT") and Lamar Transit, LLC (therein "ADVERTISER"), whereby SacRT exercises Option Year 6 and the term is extended to December 5, 2022, is hereby approved.

THAT, the Board Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing amendment.

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STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary