

## **STAFF REPORT**

---

**DATE:** October 24, 2022  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Devra Selenis, VP, Communications and Partnerships  
**SUBJ:** APPROVING THE FOURTH 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 of the Fourth Amendment will allow the continuation of the current contract with Lamar Transit, LLC (“Lamar”) for Option Years 7 and 8 to provide additional opportunities to generate revenue from light rail vehicle and station advertising sales.

### FISCAL IMPACT

Under the Contract for Light Rail Vehicle and Station Advertising, as amended by the Second Amendment, which reduced the overall vehicle availability, SacRT will receive a Minimum Annual Guarantee (MAG) of \$259,411.76 for option year 7 and \$264,705.88 for option year 8 at the start of each Option Year (total for both years = \$524,117.64).

Lamar will also perform a year-end calculation to determine if the “Percentage Guarantee” payment (55% of net revenues) is higher than the MAG, in which case Lamar will pay SacRT for any differential between the two amounts.

### DISCUSSION

Exercising the last two Option Years of the Contract will provide more opportunities for Lamar to guarantee additional revenue for SacRT, especially as the economy continues to rebound and advertisers return to business as usual. In addition, the two Option Years will better align with the transition and timing of the rollout of new low-floor vehicles during this 2-year period. The new low-floor vehicles will not be part of the available fleet of light rail vehicles for interior and exterior advertising as part of this Fourth Amendment. The upcoming fleet changes, along with other factors such as the discussion about limiting wrap/ad coverage of the windows due to safety and maintenance concerns, will affect the contours of SacRT’s next light rail advertising contract.

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 was set to

expire on December 5, 2021. However, in November 2021, SacRT entered into the Third Amendment to the Contract for Light Rail Vehicle and Station Advertising with Lamar to update the license fee for Contract Year 6 and extend the term to December 5, 2022.

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. Effective upon execution of the Second Amendment, light rail vehicle availability was permanently decreased from 85 light rail vehicles to 45 light rail vehicles for interior and exterior advertising. The terms negotiated in the Third Amendment to the Contract for Light Rail Vehicle and Station Advertising was extended to Option Year 6, and will be extended to the final two Option Years 7 and 8 in the Fourth Amendment.

SacRT has had a long-standing collaboration with Lamar that has provided additional revenue for SacRT over the last six 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. 2022-10-123

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

October 24, 2022

**APPROVING THE FOURTH AMENDMENT TO THE CONTRACT FOR LIGHT RAIL VEHICLE AND STATION ADVERTISING 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 Fourth 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 RT exercises Option Years 7 and 8, the term is extended to December 5, 2024 and the MAG is adjusted, is hereby approved.

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

\_\_\_\_\_  
STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

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