

STAFF REPORT

DATE: October 24, 2022
TO: Sacramento Regional Transit Board of Directors
FROM: Devra Selenis, VP, Communications and Partnerships
SUBJ: AWARDING A CONTRACT FOR BUS VEHICLE ADVERTISING TO LAMAR TRANSIT, LLC

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

As a result of the proposed action, Lamar Transit, LLC (“Lamar”) will receive an exclusive 5-year license with two optional years to place advertisements and public service announcements on the interior and exterior of SacRT buses to generate revenue that will be shared between SacRT and Lamar. The current bus vehicle advertising contract will expire on October 31, 2022.

FISCAL IMPACT

Under the proposal submitted by Lamar, it must pay SacRT, on an annual basis, the greater of 1) the Percentage Guarantee Revenue Share of 57%, or 2) the Minimum Annual Guarantee (MAG) as set out below:

Year	Minimum Annual Guarantee
1	\$610,000
2	\$620,000
3	\$630,000
4	\$640,000
5	\$650,100
Option Year	
6	\$660,000
7	\$670,000

Total Minimum Revenue for Operating Budget (Years 1 through 7): \$4,480,100

As consideration for SacRT’s waiver of the obligation to provide a performance bond or Irrevocable Letter of Credit, Lamar will pay SacRT the first two years of the MAG, in full, at the outset of the Contract and will pay each subsequent year in advance at the beginning of the year, reducing SacRT’s risk of a performance default.

Lamar will also perform a year-end calculation to determine if the “Percentage Guarantee” payment (57% of net revenues) is higher than the MAG, in which case Lamar will pay SacRT for any differential between the two amounts.

DISCUSSION

Vehicle and station advertising revenue is critical to SacRT’s Operating budget each fiscal year, and it is in the best interest of SacRT to award an exclusive advertising license to a highly-qualified professional and experienced transit advertising firm to ensure that stable funding continues.

SacRT staff released a Request for Proposal (RFP) on August 4, 2022, via PlanetBids, identifying the category codes pertaining to the solicitation. Seventy vendors were notified and the proposals were due on September 8, 2022. The scope of the RFP provided the exclusive right to place advertising on: (1) the interior and exterior of 170 SacRT 40-foot buses; and (2) the interior of 46 additional 40-foot buses that are assigned to service originating within the City of Elk Grove, for a 5-year term, with two 1-year option years. To be considered responsive, proposers needed to propose a Minimum Annual Guarantee (MAG) of at least \$400,000 per year.

Responsive proposals were evaluated using criteria established in the RFP, including description of advertising program methodology; advertising program staffing qualifications and experience; and proposed revenue to SacRT. Although SacRT received numerous questions from several local and national transit advertising firms during the open RFP period, only one responsive proposal was submitted, from Lamar.

After a thorough evaluation and financial review, Lamar was ranked with a score of 169.25 out of 200 points possible. Lamar has over 10 years of experience working with SacRT on vehicle and station advertising, Procurement staff has determined the MAG to be fair and reasonable based on the proposed MAG, which was significantly higher than the minimum amount in the RFP. Lamar’s proposal of over \$600,000 annually greatly exceeds the RFP requirement of \$400,000 annually.. The RFP required a minimum revenue share percentage of 51%; Lamar has offered a revenue share percentage of 57%, possibly resulting in much higher revenue for SacRT if the advertising program is successful. The Notice of Intent to Award was issued on September 28, 2022.

RESOLUTION NO. 2022-10-129

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

October 24, 2022

AWARDING A CONTRACT FOR BUS VEHICLE ADVERTISING TO LAMAR TRANSIT, LLC

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

THAT, the Contract for Bus Vehicle Advertising between Sacramento Regional Transit District, therein referred to as "SacRT," and Lamar Transit, LLC, therein referred to as "Contractor" whereby Contractor is awarded an exclusive 5-year license to place advertisements and public service announcements on the interior and exterior of SacRT buses to generate revenue to be shared between SacRT and Contractor with Contractor committed, on an annual basis, to pay the either a Minimum Annual Guarantee amount or 57% revenue share, whichever is greater, is hereby approved.

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

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary