

RESOLUTION NO. 2020-95

AUTHORIZING A CHANGE ORDER TO CONTRACT NO. 2016-099 WITH LAMAR TRANSIT, LLC FOR TRANSIT ADVERTISING SALES SERVICES (REVENUE GENERATING, AMOUNT VARIABLE BASED UPON NET SALES)

WHEREAS, the Greater Cleveland Regional Transit Authority permits the sale of advertising space on transit revenue vehicles and property; and

WHEREAS, the Authority wishes to maximize the revenue generating opportunities at its disposal by the sale of transit related advertising media; and

WHEREAS, the proposal of Lamar Transit, LLC, located at 247 Cayuga Road, Buffalo, NY 14225 to provide transit advertising sales services was received on September 8, 2016; and

WHEREAS, on November 15, 2016, Resolution No. 2016-101 authorized Contract No. 2016-066 with Lamar Transit, LLC for the sale of advertising space, as well as the service and maintenance of the advertising space, for a period of three years with two, one-year options; and

WHEREAS, the Authority exercised option years one and two in August 2019, for a contract expiration of December 31, 2021; and

WHEREAS, in 2020, transit advertising sales, both locally and nationally, were significantly impacted by the COVID-19 pandemic, and as a result, Lamar Transit, LLC requested financial relief in the form of a reduced Minimum Annual Guarantee for 2021; and

WHEREAS, after extensive negotiations, the proposed change order would reduce the Minimum Annual Guarantee to \$523,312.79 in 2021, paid in twelve monthly payments of \$43,609.40, and the Authority would be entitled to 62.5% of all sales over \$837,300.46; and

WHEREAS, the General Manager, Chief Executive Officer deems the change order, as negotiated, to be in the best interest of the Authority and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the change order with Lamar Transit, LLC is hereby accepted.

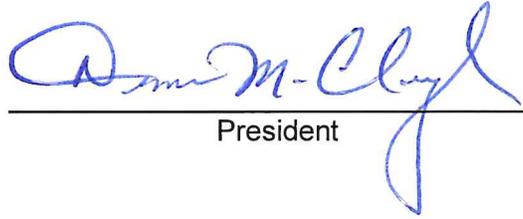
Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to amend Contract No. 2016-099, Transit Advertising Sales Services, with Lamar Transit, LLC by reducing the Minimum Annual Guarantee payment to \$523,312.79 in 2021, to be paid in twelve month payments of \$43,609.40 and entitling the Authority to 62.5% of all sales over \$837,300.46.

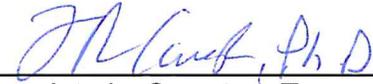
Section 3. The exact amount of this change order is directly dependent upon the amount of advertising sales revenue generated. Funds will be deposited into the General Fund.

Section 4. That all other terms and conditions of the original contract remain unchanged.

Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: December 15, 2020

  
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President

Attest:   
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Interim Secretary-Treasurer



<b>TITLE/DESCRIPTION:</b> <b>CONTRACT:</b> CHANGE ORDER TO CONTRACT NO. 2016-099 FOR TRANSIT ADVERTISING SALES SERVICES  <b>VENDOR:</b> LAMAR TRANSIT, LLC  <b>AMOUNT:</b> VARIABLE, DEPENDING ON ACTUAL SALES	<b>Resolution No.:</b> 2020-95
	<b>Date:</b> December 10, 2020
	<b>Initiator:</b> Marketing and Communications
<b>ACTION REQUEST</b> <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a change order to Contract No. 2016-099, with Lamar Transit, LLC, for Transit Advertising Sales Services.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority desires to maximize the revenue generating opportunities at its disposal by the sale of transit related advertising media. Advertising space is available on the inside and outside of Authority buses, inside rail cars, and at rail stations and other passenger facilities. In 2020, transit advertising sales, both locally and nationally, were significantly impacted by the COVID-19 pandemic. As a result, Lamar Transit, LLC approached GCRTA, requesting financial relief in the form of a reduced Minimum Annual Guarantee for 2021. Lamar Transit, LLC has made similar requests to its other transit client across the nation.
- 3.0 **PROCUREMENT BACKGROUND:** On November 15, 2016, by Resolution No. 2016-101, the Authority entered into a revenue-generating contract with Lamar Transit, LLC for the sale of advertising space, as well as the service and maintenance of the advertising space, for a period of three years with two, one-year options. The Authority exercised option years one and two in August 2019, for a contract expiration of December 31, 2021.

For the rights to sell the Authority's transit advertising space, Lamar Transit, LLC agreed to pay the Authority the following Minimum Annual Guarantee:

Year	Minimum Annual Guarantee
2017	\$1,150,000
2018	\$1,275,000
2019	\$1,325,000
2020	\$1,375,000
2021	\$1,425,000

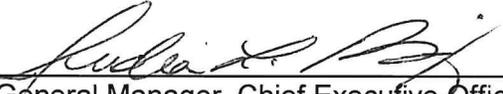
Although annual transit advertising sales did not fully fund the Minimum Annual Guarantee, full payments were made to GCRTA, in January of each contract year, as specified in the contract.

The proposed change order would reduce the Minimum Annual Guarantee from \$1,425,000.00 to \$523,312.79 in 2021, paid in twelve monthly payments of \$43,609.40. The Authority would be entitled to 62.5% of all sales over \$837,300.46, and this supplemental commission will occur in December 2021. A cross-functional team, including the Deputy General Manager of Finance and Administration, the Director of Accounting, and the Director of Marketing and Communications, with support from Legal and Procurement, negotiated these terms. The Change Order Committee approved this change order request.

A revenue analysis was performed and the Procurement Department has determined that the negotiated change order with Lamar Transit, LLC is fair and reasonable for the Authority.

- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action requirements have been met. A 0% DBE participation goal was established for this procurement due to the lack of certified DBE firms.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: The exact amount of this change order is directly dependent upon the amount of advertising sales revenue generated. Funds will be deposited into the General Fund.
- 7.0 ALTERNATIVES: Reject this change order. Rejection of this change order could impact the Authority's partnership with Lamar Transit, LLC and the economic benefits the Authority receives from transit advertising revenue.
- 8.0 RECOMMENDATION: This change order was discussed by the Board of Trustees at Organization, Services & Performance Monitoring Committee at the December 1, 2020 meeting. It is recommended that the change order with Lamar Transit, LLC, as negotiated, be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to modify the contract.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

  
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General Manager, Chief Executive Officer