

STAFF REPORT

SUBJECT: Bus Exterior Advertising Contract

FROM: Tony McCaulay, Marketing Manager

DATE: March 28, 2022

Action Requested

Staff recommends that the Projects and Services Committee forward a recommendation to the LAVTA Board to award a contract to Lamar Transit Advertising for the sale and installation of exterior bus advertising. The initial contract is for three years beginning July 1, 2022 with two option years exercisable by LAVTA at the discretion of the Executive Director. Lamar's total revenue proposal for the first three years of the contract is 57 percent of net sales or a minimum revenue guarantee of \$555,000 proposal, whichever is higher.

Background

LAVTA currently contracts with Lamar Transit Advertising for advertising on buses. The current contract expires on June 30, 2022. A Request for Proposals (RFP) for bus exterior advertising was released on January 14, 2022 with proposals due on February 18. Three proposals were received. The proposers were: Lamar Transit Advertising; Vector Media; and Rethought Reborn Media

Discussion

The three proposals were reviewed by an evaluation team comprised of: Executive Director Michael Tree, Director of Finance Tamara Edwards, and Director of Planning and Marketing Tony McCaulay. The proposals were evaluated on four criteria as described in the RFP: 1) Conformance with the terms and requirements of the RFP (Pass/Fail); Proposer's qualifications and experience (up to 40 points); Revenues (up to 40 points); and Creative Ideas and Incentives (up to 20 points).

All three members of the evaluation team scored the proposal from Lamar Transit Advertising as the most advantageous to LAVTA. The overwhelming difference in the proposals was in the compensation proposals. As is shown in Attachment 1, Lamar's Minimum Annual Guarantee (MAG) over the first three years of the contract was \$555,000. Rethought Reborn's MAG was \$240,000 and Vector's MAG was \$225,000 over the same three-year period.

Recommendation

Staff recommends that the Projects and Services Committee forward a recommendation to the LAVTA Board to award a contract to Lamar Transit Advertising for the sale and installation of exterior bus advertising. The initial contract is for three years beginning July 1, 2022 with two option years exercisable by LAVTA at the discretion of the Executive

Director. Lamar's total revenue proposal for the first three years of the contract is 57 percent of net sales or a minimum revenue guarantee of \$555,000 proposal, whichever is higher.

Attachments:

1. Exterior Advertising Services Compensation Proposals

Exterior Advertising Services Compensation Proposals

Compensation Proposal – Lamar Transit Advertising					
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Option Year 1</i>	<i>Option Year 2</i>
	<i>FY 2022 - 23</i>	<i>FY 2023 - 24</i>	<i>FY 2024 - 25</i>	<i>FY 2025 - 26</i>	<i>FY 2026 - 27</i>
Minimum Annual Guarantee	\$180,000	\$185,000	\$190,000	\$195,000	\$200,000
LAVTA Revenue Share	57%	57%	57%	62%	62%
Other Financial Incentives*	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

*Other Financial Incentives - \$10,000 per year production credit to be used for LAVTA transit advertising produced by Lamar.

Compensation Proposal – Rethought Reborn Media					
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Option Year 1</i>	<i>Option Year 2</i>
	<i>FY 2022 - 23</i>	<i>FY 2023 - 24</i>	<i>FY 2024 - 25</i>	<i>FY 2025 - 26</i>	<i>FY 2026 - 27</i>
Minimum Annual Guarantee	\$65,000	\$80,000	\$95,000	\$95,000	\$95,000
LAVTA Revenue Share	51%	51%	51%	51%	51%
Other Financial Incentives*	\$8,200	\$8,200	\$8,200	\$8,200	\$8,200

*Other Financial Incentives - \$5,000 per year production credit to be used for LAVTA transit advertising produced by Rethought Reborn and 40 hours of design services (\$3,200 value) per year.

Compensation Proposal – Vector Media					
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Option Year 1</i>	<i>Option Year 2</i>
	<i>FY 2022 - 23</i>	<i>FY 2023 - 24</i>	<i>FY 2024 - 25</i>	<i>FY 2025 - 26</i>	<i>FY 2026 - 27</i>
Minimum Annual Guarantee	\$75,000	\$75,000	\$75,000	\$85,000	\$85,000
LAVTA Revenue Share	50%	50%	50%	50%	50%
Other Financial Incentives*	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

*Other Financial Incentives - \$5,000 per year in branding creative service initiatives and \$5,000 per year in lead generation incentives for LAVTA employees who assist with new sales opportunities.