

PROCUREMENT SUMMARY

METRO SYSTEM ADVERTISING – LICENSE TO SELL AND DISPLAY ADVERTISING ON METRO BUS AND RAIL SYSTEMS/PS41099B AND PS41099R

1.	Contract Numbers: A) PS41099B B) PS41099R			
2.	Contractors: A) Outfront Media Group, LLC B) Intersection Parent, Inc.			
3.	Contract Work Description: Advertising Revenue			
4.	Modification Description: 1) Adjust the minimum annual guaranteed (MAG) payments and annual true-up revenue shares for the remainder of the contract as depicted in Attachment A; 2) Extend the Contract Period of Performance by an additional two years; 3) Increase Metro's share of voice (agency ad space) as part of the media inventory where materials and services are covered by the Contractor. 4) Expedite the digital screen program to deploy 500 screens by 2026 in preparation for 2028 Olympics.			
5.	The following data is current as of: January 31, 2023			
6.	Contract Completion Status		Financial Status	
	Contract Awarded:	Jan 25, 2018	Original Agreed Upon Revenue	PS41099B: \$262,250,000 PS41099R: \$42,902,200
	Original Completion Date:	Feb 28, 2028	Total of Modification Approved	\$0
	Current Contract Est. Completion Date:	Feb 28, 2030	Current Contract Value (with this action):	PS41099B: \$273,916,238 PS41099R: \$35,563,706
7.	Contract Administrator: Ernesto N. De Guzman		Telephone Number (213) 922 - 7267	
8.	Project Manager: Lan-Chi Lam		Telephone Number (213) 922 - 2349	

Background:

On January 25, 2018, the Board approved the award of Contract Nos. PS41099B and PS41099R to Outfront Media Group, LLC and Intersection Parent, Inc., respectively, for license to sell and display advertising on Metro's bus and rail assets. The contracts' terms were for ten (10) years, from March 1, 2018 through February 28, 2028, and included minimum annual

guarantee (MAG) payments that would yield to Metro revenues of \$262,250,000 for advertising on bus assets, and \$42,902,200 for advertising on rail assets during the life of the contracts.

There have been four modifications issued for PS41099B and two modifications have been issued for PS41099R.

Refer to Attachment C – Contract Modification/Change Order Log for details of modifications.

Because of significant loss of advertising sales revenues due to COVID-19, the advertising industry, among others, has experienced serious losses of revenue. Both bus and rail revenue advertising contractors have requested to extend relief from the MAG requirements of the Contract, while they recover from the economic effects of the COVID-19 pandemic.

Reasonableness of Revenue Levels

Metro's marketing staff has been continuously monitoring market conditions since the beginning of the COVID-19 pandemic and had recently concluded that the advertising industry continues to see depressed sales and lack of customer impressions which continues to negatively affect Metro's advertising contractors' ability to generate the previously agreed upon levels of revenue. Therefore, the levels of revenue submitted by both Contractors are considered fair and reasonable.