

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: (a) PS41099B: Extend the temporary replacement of monthly Minimum Annual Guarantee (MAG) Payments with monthly payments of 55% of sales revenues to December 31, 2021. (b) PS41099R: Extend the temporary replacement of monthly Minimum Annual Guarantee (MAG) Payments with monthly payments of 55% of sales revenues to December 31, 2021.		
5.	The following data is current as of: December 8, 2020		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	Jan 25, 2018	Revenue Contract Award Amount: PS41099B: \$262,250,000 PS41099R: \$42,902,200
	Original Completion Date:	Feb 28, 2028	Total of Modification Approved \$0
	Current Est. Completion Date:	Feb 28, 2028	Current Contract Value (with this action): PS41099B: \$262,250,000 PS41099R: \$42,902,200
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 were three modifications issued for PS41099B and one modification was issued for PS41099R.

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

Because of the significant loss of advertising sales revenues due to COVID-19, the advertising industry has experienced serious losses of revenue. Both bus and rail revenue advertising contractors have requested to extend the temporary replacement of the MAG requirements of the Contract, paying instead a share of 55% of monthly sales to Metro through December 2021, 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 necessary level of revenue. Therefore, the levels of revenue submitted by both Contractors are considered fair and reasonable.