

***Contract Modification with  
Intersection Advertising for  
Transit Advertising Services***

*Motion No. M2021-58*

*Rider Experience and Operations Committee*

*10/7/21*

# Why are we here

- Provide overview of ad sales contract
- Provide overview of digital advertising pilot
- Ask approval to extend 10-year contract to 13 years.

# *Contract overview*

- Original ten-year contract was signed in 2014 after a competitive procurement.
- Contract scope includes selling advertising on vehicles, transit facilities and the option of digital advertising.
- Contract includes a minimum annual guarantee of revenues paid to Sound Transit for the exclusive right to sell advertising on Sound Transit owned assets.
- Once MAG is met, Sound Transit receives 64 percent of the revenues from advertising sales. The minimum annual guarantee increases approximately six percent each year of the contract.

# *Contract extension*

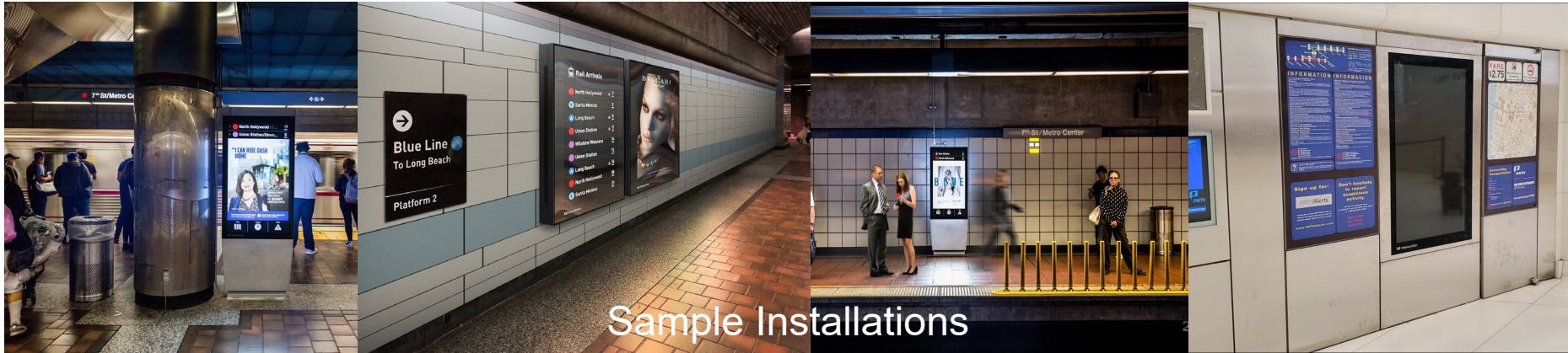
- Modified contract would extend term from 10 to 13 years.
- Adds digital advertising services to scope of work.
- Ensures a seamless advertising revenue stream.
- Requires committee approval because it is a sole-source contract where revenue exceeds the CEO's \$250,000 authority.

# *Digital Advertising Overview*

- ST has been working with the advertising vendor to develop a digital advertising program in select Link light rail stations.
- The pilot would begin in second quarter of 2022 at eight stations.
- Phase 2 of the pilot would begin third quarter of 2024.
- Vendor would cover the capital cost of screen installation and maintenance.
- Vendor would recover capital costs through advertising revenues. A three-year contract extension is necessary to allow vendor to recover costs before revenue share begins.
- Once capital costs are recovered, ST would receive 64 percent of the ad revenues.

# Digital Advertising Overview

- Sound Transit could receive up to \$11.65 million in revenues from the digital display installations in Phase 1 and 2 for the period of 2024 to 2044.



*Thank you.*



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