

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JASON NUTT, DIRECTOR, DEPARTMENT OF
TRANSPORTATION AND PUBLIC WORKS.
SUBJECT: ADVERTISING POLICY AND GUIDELINES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Department, that the Council, by Resolution, adopt Council Policy Number 000-69 titled "Advertising Policy and Guidelines" and authorize the Transit Division to develop an advertising program for sale of advertising space.

EXECUTIVE SUMMARY

The Transportation and Public Works Department, Transit Division has long debated about the potential to use advertising on buses, shelters and other facilities. While advertising on transit equipment and facilities has become common with most agencies, including Golden Gate Transit and Sonoma County Transit, the City, and more specifically, CityBus, have historically chosen to not allow any type of advertising. In light of the current state of the industry and emerging budget considerations, the Transit Division has determined that it is in the City's best interest to develop and recommend an advertising policy that would allow advertising on facilities including, buses, shelters, stops, park and rides, payment machines, websites, mobile and computer applications.

BACKGROUND

The Transportation and Public Works Transit Division, has been actively evaluating the merits of allowing advertising on its buses and shelters. Despite other operators around the country, the Bay Area and Sonoma County having advertising agreements, Santa Rosa CityBus has historically chosen not to add advertising to its facilities.

Over the past couple years, CityBus has been carefully evaluating its fiscal situation and concluded that establishing an advertising policy could be an important component to help stabilize its long-term fiscal outlook. In that regard, staff carefully evaluated advertising policies from transit agencies throughout the Bay Area and worked with the City Attorney's Office (CAO) to compile the most appropriate policy and guidelines that

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significantly reduce the risks that concerned the organization in prior evaluations. After consulting with the CAO as well as other regional transit agencies there is consensus that the City's facilities constitute non-public forums that are subject to the viewpoint-neutral restrictions and that by permitting limited types of advertising on or within City facilities, the City does not create a public forum for public discourse or expressive activity or to provide a forum for all types of advertisements.

The proposed policy establishes a clear set of standards for advertising on City owned facilities, which could include: buses, shelters, bus stops, park and rides, payment machines, websites, mobile applications, computer applications and social media sites owned and/or operated by the Department of Transportation and Public Works Transit Division.

PRIOR CITY COUNCIL REVIEW

Staff initially presented this draft policy to Council on February 27, 2018. Council requested that staff continue to refine certain aspects of the policy and return at a later date.

ANALYSIS

Staff researched and identified a number of advertising policies utilized by other agencies, mostly associated with transit operations. Staff concluded that the policy adopted by the Napa Valley Transportation Authority (NVTA) was the most comprehensive and utilized it as a template. The CAO incorporated minor adjustments to better conform with the City's standards and concluded that the policy language established the necessary legal protections. It is critical that all advertising on or within City facilities be subject to a uniform, viewpoint-neutral policy. By adopting the proposed policy, the City can strictly regulate advertising requests, in particular, those activities prohibited by federal, state, local or City ordinance. In addition, the proposed policy describes the following other prohibited advertising categories:

- Demeaning or disparaging
- Tobacco
- Cannabis
- Alcoholic beverages
- Firearms
- Profanity
- Graffiti
- Human or animal graphics
- Violence
- Unlawful goods or services
- Unlawful or detrimental conduct
- False or deceptive commercial speech
- Libelous, copyright or patent infringement

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- Obscenity or nudity
- Prurient interests
- Adult oriented goods or services
- Endorsement
- Injurious to the City or its Mission
- Religious advertising
- Political and social issues advertising

The draft policy was circulated to all departments for feedback. Per Council's recommendation, the proposed policy will only be available for facilities owned by the Department of Transportation and Public Works Transit Division. Expansion of this policy may be considered in the future pending the success associated with this limited facilities scope.

In addition, staff reviewed the advertising programs of eight transit agencies in northern California. Half of the surveyed agencies contract with an advertising sales firm to manage their advertising program and receive a percentage of the revenue generated by ad sales. The other half of the agencies surveyed administer the sale of advertising in-house and keep 100% of the revenue generated.

Through our research we found there is great variety in the way advertising programs are organized with much of this variation depending on the size of the fleet, the volume of advertising space available for sale, and the scale of the commercial market in which the ads will appear. Below is a list of the agencies surveyed:

Agencies with advertising program **managed in-house**

1. Sonoma County Transit
2. Petaluma Transit
3. Solano Transit Authority
4. Marin Transit (is interested in launching an in-house advertising program)

Agencies with advertising program **managed by an advertising sales firm**

1. Napa Vine
2. Golden Gate Transit
3. Mendocino Transit
4. Butte Regional Transit B-Line

Advertising programs managed in-house seem best suited to agencies with smaller fleets and smaller service areas. Advertising programs managed in-house typically feature:

- The ability to give preference to local advertisers and control the types of ads sold as well as the volume and frequency sold

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- The cost per ad tends to be lower, allowing for small local business to utilize this advertising platform
- Ad space sold on the exterior sides and rear of buses and bus stop shelters
- Ad space inside the buses is typically not sold; most transit agencies reserve this space for rider information and for public service messages from non-profit agencies
- Transit agency manager has final approval of the ad content and artwork
- Advertisers are responsible for graphic design and production of the ad, while the transit agency is responsible for installation and removal of the ads
- A percentage of ad space is reserved for the transit agency's use to self-promote
- 100% of revenue generated from ad sales used for shelter maintenance and other operational expenses

Advertising programs managed through a contracted advertising sales firm, are better suited to transit agencies with larger fleets, a greater variety of ad space assets and a larger service area. Advertising programs managed through a contracted sales firm typically feature:

- No ability to give preference given to local advertisers
- The transit agency has no control over the volume and frequency of the type of ads sold
- The cost per ad tends to be higher, making it difficult for small local business to utilize this advertising platform
- Ad space sold on the exterior sides and rear of buses and bus stop shelters
- Ad space inside the buses is typically not sold
- Transit agency manager has final approval of the ad content and artwork
- The advertising sales firm is typically contracted to handle the graphic design, production, and installation/removal of the ads
- A percentage of ad space is reserved for the transit agency's use to self-promote
- A guaranteed revenue clause can be written into the contract
- Revenue generated through ad sales are shared 40%-60%, 50-50%; 10-90% depending on who owns the ad space assets
- Some transit agencies do not own their bus shelters. Instead the shelters are owned and maintained by an ad sales firm and the transit agency shares a small percentage of revenue generated by ad spaces on the bus shelters

The Transit Divisions anticipates it could generate between \$75,000-\$100,000 in annual revenue from advertising sales in the exterior of CityBus buses, paratransit vehicles, and bus stop shelters.

FISCAL IMPACT

The adoption of this policy would allow the Transportation and Public Works Department Transit Division to offset operational expenses with revenue generated from advertising agreements. The Transit Divisions anticipates it could generate between \$75,000-\$100,000 in annual revenue from advertising sales in the exterior of CityBus

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buses, paratransit vehicles, and bus stop shelters.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/ Exhibit A – Council Policy Number 000-69 - Advertising Policy and Guidelines

CONTACT

Jason Nutt, Director of Transportation and Public Works
jnutt@srcity.org 707-543-3810