

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JULIA GONZALEZ, COMMUNICATIONS COORDINATOR
TRANSPORTATION AND PUBLIC WORKS
SUBJECT: TRANSIT ADVERTISING PROGRAM AND RATES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It recommended by the Transportation and Public Works Department that the Council, by resolution, adopt the proposed Transit Advertising Rates and authorize the Transit Division to begin selling advertising space on the exterior of vehicles in the Santa Rosa CityBus and Paratransit fleets.

EXECUTIVE SUMMARY

This item sets forth proposed rates for advertising on the exterior of vehicles in the Santa Rosa CityBus and Paratransit fleets. In launching an Advertising Program, the Transportation and Public Works Department, Transit Division evaluated its fleet and recommends beginning with the sale of space on the rear of buses and paratransit vehicles only, and in the future incorporate the sale of space on the sides of the vehicles and on bus shelters. Transit Division conducted a survey of the local advertising market and consulted with regional transit agencies that sell advertising on their facilities to develop and recommend the Transit Advertising Rates.

BACKGROUND

Following the Council's approval of an Advertising Policy and Guidelines (Policy 000-70) in December 2018, staff has researched various products available for the display advertising on the exterior of vehicles. The products available fall under two categories: 1) the use of decal material, and 2) a framed hardware affixed to the exterior of the vehicles.

Installing ads printed on the decal material would require having a dedicated work area where technicians could clean and prepare the vehicle surface, and the ability to take a vehicle out service with some regularity in order for news ads to be installed. The additional costs associated with contracting with decal technicians would have to be factored into advertising rates.

SANTA ROSA CITYBUS ADVERTISING RATES

PAGE 2 OF 5

Installing framed hardware to the exterior of the vehicles require a one-time installation that can be done by City Fleet Maintenance staff when a vehicle is in for regular service. The hardware consists of a metal frame with a slot where printed ads can be inserted and displayed. This hardware is compatible with the power washing machinery used to clean the exterior of the vehicles. With this hardware, installing new ads involves simply inserting a printed ad panel into the frame slot. This method of advertising display is preferred and utilized by both Sonoma County Transit and Petaluma Transit for advertising on their vehicles.

The Transit Division proposes purchasing and installing frames to fit on the rear of its buses and paratransit vehicles. In the future, when the Advertising Program is expanded to include the side of the vehicles and bus shelters, the Transit Division will once again look at products available and determine which will work best for these facilities.

In developing the Transit Advertising Rates, staff conducted a survey of the local advertising market and consulted with regional transit agencies that sell advertising on their facilities. Advertising on the exterior of a Transit vehicle amounts to a mobile billboard that will provide high visibility for an advertiser's product or service. CityBus and Paratransit vehicles cover the Santa Rosa and Oakmont areas, traveling on major arterials and corridors, offering hundreds of thousands of impressions monthly per ad.

The Transit Division intends to launch its Advertising Program this fall with the proposed Transit Advertising Rates. If it is determined that the rates are out of sync with the regional advertising market, then staff will bring an item before Council to adjust the rates accordingly.

PRIOR CITY COUNCIL REVIEW

On February 27, 2018, staff presented a draft Advertising Policy and Guidelines draft policy and Council requested that staff continue to refine certain aspects of the policy and return at a later date.

On December 4, 2018 the Council by Resolution Number RES 2018-217 approved the revised Advertising Policy and Guidelines and authorized the Transportation and Public Works Department to develop an Advertising Program for the sale of advertising space on City-owned facilities, such as the exterior of bus and paratransit vehicles and bus shelter.

ANALYSIS

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

SANTA ROSA CITYBUS ADVERTISING RATES

PAGE 3 OF 5

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 advertising rates and in how the advertising programs are organized with much of this variation depending on the size of the fleet, the volume of ad 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

By managing its advertising program in-house the City's Transit Division will retain the ability to:

- give preference to local advertisers and control the types of ads sold as well as the volume and frequency sold;
- set the rates a price point that allows for small local business to utilize this advertising platform
- sell ad space on the rear and sides of vehicles and bus stop shelters
- continue to offer free ad space on the interior of the buses for public service messages from non-profit agencies
- approve all ad content and artwork
- have advertisers be responsible for graphic design and production of their ad, while Transit staff are responsible for installation and removal of the ads
- ensure that a percentage of the available advertising space is reserved for promoting City programs and services
- utilize 100% of revenue generated from ad sales for shelter maintenance and other operational expenses.

In developing the Transit Advertising Rates, staff conducted a survey of the local advertising market and consulted with regional transit agencies that sell advertising on their facilities. Staff also looked at the local rates for advertising in newsprint, radio and static billboards.

An ad placed on the exterior of a CityBus, will travel over 150 miles per day on various arterials and commercial corridors providing high visibility for an advertiser's product or

SANTA ROSA CITYBUS ADVERTISING RATES

PAGE 4 OF 5

service. CityBus and Paratransit vehicles cover the Santa Rosa and Oakmont areas offering hundreds of thousands of impressions each week per ad.

Based on this analysis, the Transit Division proposes selling ads on the rear of vehicles with the largest advertising space (model years 2011-2018) at a rate of \$500 per month. These vehicles feature a 64-inch by 28-inch advertising space, for a total of 12.44 square feet of ad space per vehicle. This equates to a rate of approximately \$40.19 per square foot of advertising space per month.

For other fleet vehicles with smaller advertising spaces on the rear of vehicles, including paratransit vehicles, the Transit Division proposes using the \$40.19 per square foot cost to calculate monthly advertising rates based on the size of the available ad space. For example, ads on model year 2008 buses featuring 3.56 square feet of advertising space would be sold for \$144/month (3.56 square feet x \$40.19 per square foot).

For the fixed-route fleet, anticipated monthly costs for ad space of the rear of vehicles based on \$40.19 per square foot are as follows:

Model Year	Rear Ad Space (sq. ft.)	Monthly cost	Cost per sq. ft.
2002 (5 buses)	10.11	\$406	\$40.19
2008 (3 buses)	3.56	\$143	\$40.19
2011 (7 buses)	12.44	\$500	\$40.19
2014 (6 buses)	12.44	\$500	\$40.19
2016 (4 buses)	12.44	\$500	\$40.19
2018 (4 buses)	12.44	\$500	\$40.19

If it is determined, based on sales and program performance that the rates need to be adjusted, staff will bring an item before Council to modify the rates accordingly.

FISCAL IMPACT

The adoption of the Transit Advertising Rates would allow the Transportation and Public Works Department Transit Division to begin selling advertising space on the exterior of its fleet. The revenue generated from advertising will help offset operational expenses. The Transit Divisions anticipates it could generate between \$75,000-\$100,000 in annual revenue from advertising sales.

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 – Transit Advertising Rates

CONTACT

Julia Gonzalez, Communications Coordinator, jgonzalez@srcity.org, 707-543-3726