

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
11	10/05/09	Open	Information	09/23/09

Subject: Naming light rail stations on the Green Line to the River District

ISSUE

What to name the two new light rail stations on the Green Line to the River District.

RECOMMENDED ACTION

None, information only.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

On October 3, 2005, the Sacramento Regional Transit District (RT) Board of Directors adopted criteria for naming light rail stations (Resolution No. 05-10-0176). The policy authorized RT's General Manager/CEO to designate names for light rail stations and park-and-ride lots that adhere to one or more of the following criteria:

- Nearest street intersection
- Major cross street
- Geographic location
- Area landmark
- Permanence of name
- Well recognized

Based on the criteria listed above, the General Manager/CEO recommends the two future light rail stations located at 8th and H Streets and 7th Street and Richards Boulevard, which are being constructed as part of the Green Line to the River District, be named "8th & H/County Center" and "7th & Richards/Township 9."

These names will be on all Green Line to the River District marketing materials and announced at the Green Line to the River District groundbreaking ceremony, scheduled for Monday, October 12 at the Township 9 development.

Approved:


General Manager/CEO

Presented:


Acting Manager, Community and Governmental Affairs

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	10/05/09	Open	Information	09/25/09

Subject: Transit Vehicle Advertising Update

ISSUE

Update on Transit Vehicle Advertising contract with Clear Channel Outdoor, Inc.

RECOMMENDED ACTION

None. For discussion only.

FISCAL IMPACT

None. For discussion only.

DISCUSSION

RT awarded a three-year contract (with two one-year options) to Clear Channel Outdoor, Inc. for Transit Vehicle Advertising on buses effective July 1, 2008. RT staff would like to present an update to the Board and discuss options that could potentially increase revenue.

Revenue:

The terms of the contract with Clear Channel provide for a monthly Minimum Annual Guarantee or 51 percent of net revenues, whichever is greater. The Minimum Annual Guarantee for Years 1 – 3 is \$2,275,000 (Year 1 - \$715,000; Year 2 - \$755,000; Year 3 - \$805,000). Option Years 4 – 5 add an additional \$1,755,000 (Option Year 4 - \$850,000; Option Year 5 - \$905,000) for a total of \$4,030,000 for five years.


Despite the challenging economy and less than favorable market conditions, Clear Channel has met or exceeded the revenue threshold required. Net revenues exceeded the Minimum Annual Guarantee in January, February and June 2009, resulting in an additional \$26,574 to RT.

Current Advertising Opportunities:

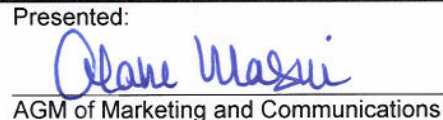
RT currently offers exterior bus advertising space in five sizes:

“King” – side of bus	30” tall x 144” wide
“Super King” – side of bus, street side only	31” tall x 212” wide
“Kong” - side of bus, street side only, some coverage of windows	48” tall x 212” wide
“Tail” – back of bus	21” tall x 68” wide
“Super Tail” – back of bus	36” tall x 68” wide

Approved:


General Manager/CEO

Presented:


AGM of Marketing and Communications

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Subject: Transit Vehicle Advertising Update

“Experimental Advertising”:

The terms of the contract with Clear Channel provide RT an option to offer “Experimental Advertising” as described below:

“Advertiser may make a written request to RT to experiment with new advertising materials, displays and designs. RT and Advertiser will coordinate on the type and extent of such experimental projects and their schedule and term; however, Advertiser will not proceed with such experimental projects until authorized by RT in writing. During the experimental term of these projects, the sales and inventory value of such experimental displays will not be used to recalculate the Minimum Annual Guarantee but will be counted as net revenues to which the Percentage Guarantee applies. Before RT provides written authorization for any such display on a non-experimental basis, the parties will negotiate an increase in the Minimum Annual Guarantee to account for the increased revenues. In addition, all revenues for the display from that time forward must be included in calculating the Percentage Guarantee. RT, at its sole discretion, may reject proposed experimental displays.”

Clear Channel has requested permission to expand the Transit Vehicle Advertising program to include “King Kong” bus advertisements, which would expand the options available for potential advertisers and maximize revenue (see Attachment 1). King Kong advertisements measure 88” tall x 195” wide and cover the entire middle section of the bus from floor to ceiling on the street side only. The RT branding would not be compromised, since the RT logo would remain prominently featured to the right of the advertisement. Perforated vinyl would be used on the window portion of the advertisement to allow passengers to see outside. RT staff displayed a modified version of a King Kong advertisement for the “Season of Civil Rights” promotion featuring images of Rosa Parks and Martin Luther King Jr.

RT staff recommends exercising this option to allow Clear Channel to sell King Kong advertisements for a six-month trial period. By expanding the available products, there is the potential to increase revenue above the Minimum Annual Guarantee on a continual basis. Clear Channel would not enter into any contracts that would extend King Kong advertising beyond June 30, 2010. RT staff would re-evaluate the experimental advertising agreement in spring 2010, and determine whether or not to allow King Kong advertisements on a permanent basis.

Other Options for Future Consideration:

In an effort to generate additional revenue, RT staff may return to the Board of Directors for consideration of the following:

- Full Bus Wraps: Typically, clients want impact opportunities – bigger and unique vs. small and common. According to Clear Channel, full bus wraps are available in 80 percent of the top markets, and market demand historically equates to 5 – 10 percent of the available fleet in each market. For RT, 5 percent would equate to 10 buses, which could potentially generate up to \$265,200 annually based on market rate (approximately \$4,000 per month).

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Subject: Transit Vehicle Advertising Update

- Amending RT’s Advertising Policy to Permit Ads Promoting Alcohol: RT’s policy pertaining to advertising on RT facilities and vehicles prohibits any advertisement that “promotes or depicts the sale or consumption of wine, liquor, beer, or distilled spirits.” According to Clear Channel, national campaigns for liquor products are prominently displayed on transit vehicles in major cities, including Denver, New York and Los Angeles. Due to RT’s restrictions, Clear Channel has refused advertising from local breweries and dining establishments. The restrictions also prohibit advertising wine-tasting events, brewfests and other related activities. The estimated loss of revenue to RT is not known, but allowing alcohol ads would expand the pool of potential advertisers.
- Light Rail Advertising: The Board did not approve light rail advertising as part of the Transit Vehicle Advertising contract award to Clear Channel and directed RT staff to report back to the Board with additional information. Following the award of the bus advertising contract, RT staff and Clear Channel further explored light rail advertising. Due to the economic climate, Clear Channel determined that there would be no revenue potential and expressed a non-interest in light rail advertising. Since that time, their position has not changed.

Next Steps

RT staff would like to move forward with allowing King Kong advertising, and seeks input and direction from the Board regarding additional revenue-generating opportunities.

Transit Vehicle Advertising Update

Presented by Alane Masui
October 5, 2009

Bus Exterior Advertising

- Contract awarded to Clear Channel Outdoor, Inc. effective July 1, 2008
- Three-year contract with two one-year options
- Minimum Annual Guarantee or 51% of net revenue, whichever is greater

Years 1 – 3: \$2,275,000

Option Years 4 – 5: \$1,755,000

Total for 5 Years: \$4,030,000

Current Advertising Opportunities



King
(30" h x 144" w)



Super King
(31" h x 212" w)

Current Advertising Opportunities



Kong
(48" h x 212" w)



Tail
(21" h x 68" w)

Super Tail
(36" h x 68" w)

Potential Advertising Opportunities

Due to ad size restrictions, RT may have missed some opportunities for additional revenue



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Proposed “King Kong” Ad

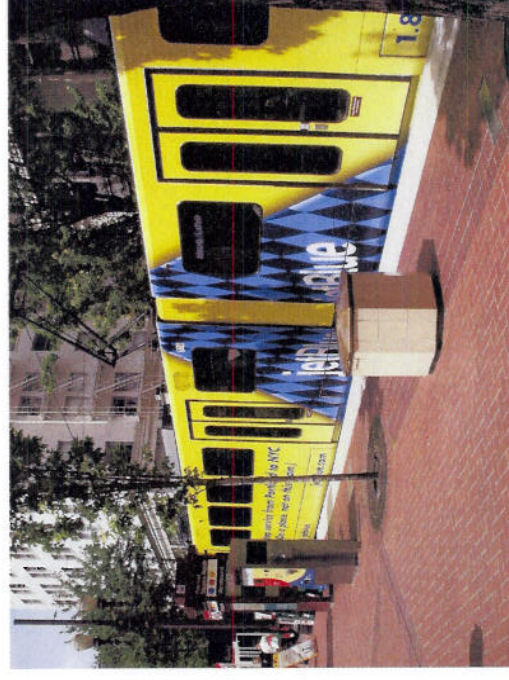


Modified “King Kong” Ad



Other Options for Future Consideration

- Full Bus Wraps
- Amending RT's Advertising Policy to Permit Ads Promoting Alcohol
- Light Rail Advertising



Proposed “King Kong” Ad

