

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
9	02/13/12	Open	Action	02/08/12

Subject: Requesting the Release of Requests for Proposals for Transit Vehicle Advertising

ISSUE

Whether or not to release Requests for Proposals for Transit Vehicle Advertising.

RECOMMENDED ACTION

- A. Adopt Resolution No. 12-02-_____, Authorizing Release of a Request for Proposals for Bus Advertising; and
- B. Adopt Resolution No. 12-02-_____, Delegating Authority to the General Manager/CEO to Release a Request for Proposals for Light Rail Vehicle Advertising.

FISCAL IMPACT

The fiscal impact will be identified when this item is brought to the RT Board of Directors for award of a contract.

DISCUSSION

RT has been contracting for bus exterior/interior advertising since 1987 and contracted for light rail vehicle advertising from 1994 through 2002.

Last year, RT exercised a one-year option to extend what was originally a three-year contract with Clear Channel Outdoor for bus advertising only. That contract will expire on June 30, 2012. During the three-year contract, Clear Channel Outdoor paid RT 51 percent of its net advertising receipts for exterior and interior advertising displays on RT buses or a minimum guarantee amount (plus administrative and paint repair fees), whichever was greater. For the option year, RT and Clear Channel Outdoor agreed to a reduced payment formula due to the service reductions implemented in June 2010. RT received \$719,478 for Year 1, \$788,286 for Year 2, and \$727,097 for Year 3. RT expects to receive \$704,223 for the fourth and final year of the contract.

RT staff is proposing to solicit a three-year contract for Bus Advertising to begin on July 1, 2012 through June 30, 2015, with two one-year options. The contract will provide the proposer with the exclusive right to place advertising on the interior and exterior of 175 buses. The current bus fleet size reflects a reduction of vehicles due to service changes implemented in June 2010, and will be adjusted throughout the contract period as bus service is restored.

The proposed contract for Bus Advertising will allow side mural advertisements, in addition to traditional advertising spaces. Full wraps would be proposed as an option, should RT exercise the option. The new contract will also ensure consistency with the advertising policy and

Approved:

Presented:

Final 2/8/12

General Manager/CEO

Assistant General Manager of Marketing and Communications

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reservation of space for RT and community use as previously adopted by the RT Board of Directors, unless otherwise directed.

RT staff is also proposing to solicit a three-year contract for Light Rail Vehicle Advertising to begin in 2012, with two one-year options. The contract will provide the proposer with the exclusive right to place advertising on the exterior of up to 76 light rail vehicles.

During the prior solicitation for Transit Vehicle Advertising in 2008, it was determined that the revenue guarantee for Light Rail Vehicle Advertising was insufficient. Due to the low interest level in traditional advertising spaces, a contract was not awarded.

The proposed contract for Light Rail Vehicle Advertising would allow for traditional advertising spaces and side murals. Full wraps would be proposed as an option, should RT exercise the option. The previous Light Rail Vehicle Advertising contract in the 1990s resulted in extensive paint damage to the exterior of the Siemens cars. There is a critical need to either repair the damage by repainting or cover the damage through vinyl application. Full wraps could serve to cover paint damage and provide revenue to RT.

In addition, members of the arts community have expressed an interest in creating an innovative program in applying artwork to trains in the form of full wraps. RT staff would like to gauge the RT Board's level of interest in an arts program incorporating a portion of the light rail fleet and how the RT Board would like to balance a potential arts program with the Light Rail Vehicle Advertising program.

RT staff will provide an overview of the various types of Transit Vehicle Advertising, and will return to the RT Board at a future meeting(s) with RT staff's recommendations to award a contract(s).

The Federal Transit Administration (FTA) requires revenue contracts for limited revenue opportunities using FTA-funded assets to be awarded only after appropriate competition. The Request for Proposal (RFP) will allow for a best-value selection of the successful firm based on evaluation of qualifications and price. RT staff recommends that the RT Board of Directors: 1) release the Request for Proposals for Bus Vehicle Advertising, and 2) delegate authority to the General Manager/CEO to release a Request for Proposals for Light Rail Vehicle Advertising.

Transit Vehicle Advertising Update

February 13, 2012

Bus Exterior Advertising

- Three-year contract awarded to Clear Channel Outdoor, Inc. effective July 1, 2008
- One-year option through June 30, 2012
- Minimum Annual Guarantee or 51% of net revenue, whichever is greater

Year 1:	\$719,478
Year 2:	\$788,286
Year 3:	\$727,097
Year 4:	\$704,223
Total for 4 Years:	\$2,939,084

Current Advertising Opportunities



King

(30" h x 144" w)



Super King

(31" h x 212" w)

Current Advertising Opportunities



Tail

(21" h x 68" w)

Super Tail

(36" h x 68" w)

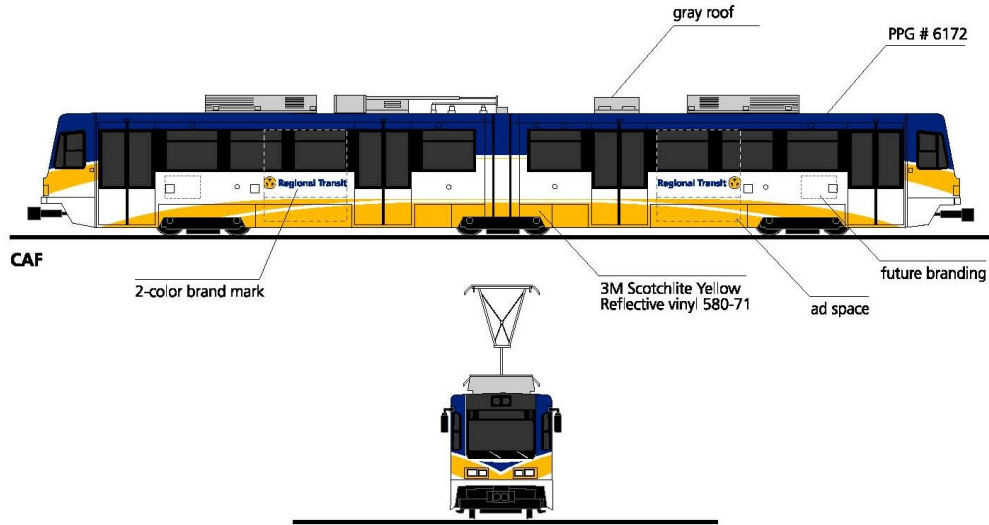
Side Mural “King Kong” (96” h x 230” w)



Other Options for Consideration

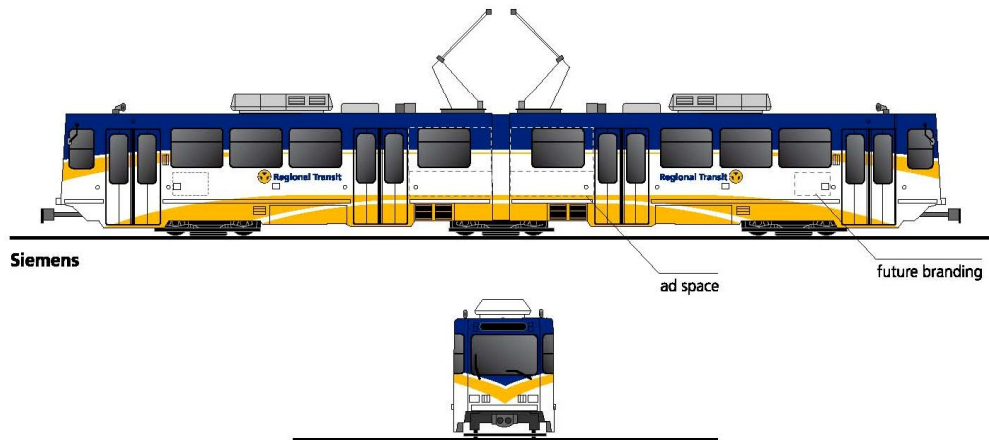
- Full Bus Wraps





Light Rail Vehicle Advertising

- King
- Side Mural



Other Options for Consideration

- Full Train Wraps



Next Steps

- Request for Proposals for a three-year contract with two one-year options
- Explore potential Art on Trains program
- Revisit Advertising Policy
- Return to the RT Board of Directors with recommendations

RESOLUTION NO. 12-02-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

February 13, 2012

**AUTHORIZING RELEASE OF A REQUEST FOR PROPOSALS FOR BUS
ADVERTISING**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Request for Proposals for Bus Advertising is hereby approved and
authorized for release.

THAT, the Request for Proposals for Bus Advertising be advertised pursuant to the
provisions of the Regional Transit Procurement Ordinance.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION NO. 12-02-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

February 13, 2012

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO RELEASE A
REQUEST FOR PROPOSALS FOR LIGHT RAIL VEHICLE ADVERTISING**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the General Manager/CEO is hereby authorized to release a Request for
Proposals (RFP) for Light Rail Vehicle Advertising.

THAT, the RFP for Light Rail Vehicle Advertising shall be advertised in the manner
set forth in the Procurement Ordinance.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary