

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
21	06/12/17	Open	Action	06/05/17

Subject: Restating Criteria for the Sale of Property Naming and Corporate Sponsorship/Naming Rights

ISSUE

Whether or not to repeal and restate criteria for the sale of Property Naming and Corporate Sponsorship/Naming Rights.

RECOMMENDED ACTION

Adopt Resolution No. 17-06-____, Repealing Resolution No. 05-10-0176 and Restating Criteria for the Sale of Property Naming and Corporate Sponsorship/Naming Rights

FISCAL IMPACT

None at this time. The parameters of the criteria will affect revenue from future sponsorship/naming rights.

DISCUSSION

In 2005, the Board adopted Resolution 05-10-0176, "Adopting Criteria for Naming Stations" (see Attachment 1), which authorized the General Manager/CEO to name light rail stations based on one or more of the following criteria:

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

Under Resolution 05-10-0176, the General Manager/CEO can also seek SacRT Board guidance or direction whenever proposing a station or park-and-ride name that the General Manager/CEO determines does not meet the criteria set forth above.

After discussion at the May 8 Board Meeting, the Board opted to continue the item to the May 22 Board Meeting for further discussion. When it became apparent that staff was not able to present at the May 22 Board Meeting, staff requested a continuance to the June 12 Board Meeting, which was approved by the Board.

In January 2017, SacRT executed the contract for Naming Rights Negotiation Services to Superlative Group. As part of that contract, Superlative Group must make continuous and

Approved:

Presented:

Final 06/06/17

General Manager/CEO

VP, Communications and Partnerships Director, Marketing, Communications and Public Information

J:\Board Meeting Documents\2017\09 June 12, 2017\Sponsorship Naming Rights Policy IP.docx

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good faith efforts to negotiate naming rights and sponsorship agreements for SacRT light rail assets and services, including but not limited to, station naming and light rail line concessions.

In recent years, Superlative Group has been working to expand the traditional scope of naming rights and corporate sponsorships. Transit agencies such as SacRT are turning to the private sector to help overcome shrinking budgets by selling the naming rights of transit assets. In order to provide direction to Superlative Group and maximize SacRT’s revenue opportunities, an expansion of the naming rights criteria may be required.

In addition to the criteria set forth by the Board, SacRT will seek guidance from the Board when evaluating proposed naming rights concessions or sponsorships by considering the following non-exclusive list of factors:

1. Revenue offered;
2. Term proposed (such as 10 years for stations and 25 years for light rail lines);
3. Cost of implementation for SacRT (printing signage, schedules and maps); and
4. Effect on the customer experience (e.g., likelihood of confusion, length of name).

All proposed naming rights agreements are subject to SacRT’s Advertising Policy (Resolution 17-01-0006), which would bar agreements with companies that manufacture, sell or produce tobacco, alcohol, and firearm products for example, regardless of their geographic location relative to a station or light rail line.

If light rail line naming rights were sold for the Blue Line, Gold Line and Green Line, Superlative Group estimates that SacRT could generate up to \$33 million in total revenue for the life of the term (typically 25 years each agreement). Furthermore, light rail stations located near major corporate employers and city attractions could generate between \$25,000 and \$35,000 for each station annually.

Under the enhanced criteria that staff is recommending the Board approve, renaming will be considered when a potential sponsor has a geographic, historic, or other connection to a station that would be obvious to typical SacRT customers. No sponsorship will be approved unless the proposed sponsorship name is part of a street name or well-known destination that has a strong nexus to the SacRT asset, for example: Golden 1 Center/7th & Capitol Station, SMUD/65th Street Station or the Kaiser Blue Line (which operates medical facilities throughout SacRT’s service district).

SacRT will only consider applications to sell the naming rights to a particular station or light rail line if the new name contributes to and does not diminish our customers’ ability to navigate the light rail system easily. The ability and ease by which SacRT customers will identify and locate such assets is also an essential factor in considering a naming rights proposal. This way, SacRT customers will be able to navigate SacRT’s system without confusion if a station name is modified. Once SacRT staff has properly vetted the name, it will be brought to the Board for discussion and final approval.

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Staff recommends that the Board adopt the enhanced Property Naming and Corporate Sponsorship/Naming Rights criteria.

RESOLUTION NO. 05-10-0176

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

October 3, 2005

ADOPTING CRITERIA FOR NAMING STATIONS

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

THAT, the General Manager/CEO is authorized 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


THAT, the General Manager/CEO is directed to seek RT Board guidance or direction whenever proposing a station or park-and-ride name that the General Manager/CEO determines does not meet the criteria set forth above.



ROGER DICKINSON, Vice-Chair

ATTEST:

BEVERLY A. SCOTT, Secretary

By: 

Cindy Brooks, Assistant Secretary



Sacramento Regional Transit District

Naming Rights and Corporate Sponsorship Valuation & Sales

June 12, 2017



SPONSORSHIP IN THE TRANSIT SECTOR



- ✦ Until the early 2000s, Naming Rights typically applied to Sports and Entertainment venues only
- ✦ In 2004, the Las Vegas Monorail secured one of the first Naming Rights agreements within the Transit Industry:
 - ✦ Nextel - \$50 million over 12 years for the Las Vegas Convention Center and Monorail Line
- ✦ Transit Agencies, Airports, Bike Shares, etc. have all benefited from Sponsorship and Naming Rights.

Naming Rights Sponsors:

- Benefit from **greater awareness/reach** and broader marketing than traditional advertising;
- Have the opportunity to be **featured anywhere** a property and its activities are mentioned;
- Provide **additional funding** for public and private-sector projects.

VALUATION METHODOLOGY OVERVIEW



- /// **Impressions-based** methodology
- /// Site visits
- /// Use of available **ridership analysis** to calculate traffic impressions
- /// Factor applied to account for “weighted impressions”
- /// Outdoor media **Cost Per Thousand (CPM)** values based on local media rates
- /// **Benchmarking** of sponsorship opportunities [attendance, demographics, media rates]
- /// **Market research** and **comparative analysis** with similar programs throughout North America

VALUATION METHODOLOGY OVERVIEW



Blended CPM based on outdoor media rate card rates for static and digital billboards in the Sacramento market.

- CPM: \$2.75 - \$9.50

- /// TSG uses industry standard discount rates to measure weighted Impressions
- /// Standard transit industry discounts:
 - Signage: 25 - 75%
 - Publications / Collateral: 10 - 30%
 - Web/Media: 20 - 40%



PROJECT OVERVIEW

◆ Project Approach:

- ◆ The Project Team focused on Naming Rights opportunities for SacRT's Light Rail Lines and Stations only (Blue, Green, and Gold lines)

- ◆ **Note:** The Asset Inventory & Valuation does not currently reflect increased value associated with the potential Green Line extension to Sacramento International Airport.

 - However, once the extension is completed, Superlative estimates the Naming Rights value could triple.

◆ Naming Rights Assets Valued:

- ◆ Light Rail Blue Line

- ◆ Light Rail Gold Line

- ◆ Light Rail Green Line (current)

- ◆ Individual Light Rail Stations

VALUATION OVERVIEW

SacRT Asset	Annual Fee Range	Term	Total Revenue Potential
Light Rail Blue Line	\$350,000 – 450,000	25 years	\$16.5 million
Light Rail Gold Line	\$250,000 – 350,000	25 years	\$12.8 million
Light Rail Green Line (current)	\$50,000 – 100,000*	25 years	\$3.7 million
Light Rail Stations	\$25,000 - \$35,000 per station	10 years	\$8.1 million (if all sold)

*Superlative estimates that the fee for Green Line Naming Rights could triple in value once the extension has been completed (est. between \$150,000 and \$300,000 per annum)

SELECTED BENCHMARKS

PURCHASE	SPONSOR	PRICE	START DATE	DURATION	OTHER BENEFITS / COMMENTS
Monorail station at Las Vegas Convention Center plus 1 of 9 trains	Nextel	\$50 million	2004	12 years	Terminated early in 2008 after Monorail failed to deliver ridership projections
San Diego MTS Light Rail Blue Line	University of California, San Diego	\$675k per year until 2018; \$975k per year with CPI escalator for life of term after route extension	2015	30 years	Also includes naming rights to (3) major Light Rail stations and highway overpass signage.
Bus Rapid Transit Line, Greater Cleveland RTA	University Hospitals and the Cleveland Clinic	\$11 million	2008	20 years	Currently selling 10 year station sponsorships for \$300,000 each. 5 have been sold.
Bus Rapid Transit Line, Greater Cleveland RTA	MetroHealth	\$4.2 million	2017	25 Years	
Bus Rapid Transit Line, Greater Cleveland RTA	Cleveland State University	\$6.1 million	2014	28 Years	\$150,000 per year with 2.9% escalator; CSU also receives signage at (2) major transit centers, (19) bus stations, (32) bus shelters and (243) bus stops
Seattle Streetcar Depot	Various	\$500k per year in total	2008	1-5 years (varied by station)	8/11 stations sponsored – e.g. Group Health Station at Westlake & Mercer; Tostitos Fiesta Bowl. Name association is packaged with other advertising throughout the facilities and on printed materials.
Atlantic Avenue & Pacific St Subway Stations, Brooklyn	Barclays	\$4 million	2009	20 years	Paid by Barclays Center developer
SEPTA	AT&T	\$5 million	2010	5 years	1 Station: Pattison Avenue became AT&T Station

Valuation Q & A

SUPERLATIVE TRANSIT SALES

Transit Naming Rights Agreements TSG has brokered:

- ✓ **San Diego MTS Blue Line.** Sold to UC San Diego Health for \$37 million over 30 years.
- ✓ **Greater Cleveland RTA:**
 - Sold the West Shore Express BRT to Cleveland State University for \$6.1 million over 28 years.
 - Sold BRT Line to University Hospitals and Cleveland Clinic (“Health Line”) for \$11 million over 20 years.
 - Sold BRT Line to MetroHealth for \$4.2 million over 25 years.
- ✓ **Santa Monica Breeze Bike Share.** Sold to Hulu for \$3.375 million over 5 years.
- ✓ **Cleveland Bike Share.** Sold to University Hospitals for \$1.4 million over 5 years
- ✓ **In Exclusive Negotiating Window for Naming Rights to BRT Line in Richmond, VA (GRTC)**

The Superlative Group has **vast experience** securing corporate partnerships with Transit Agencies

TSG is honored to call more than 30 Transit Agencies as clients, including:



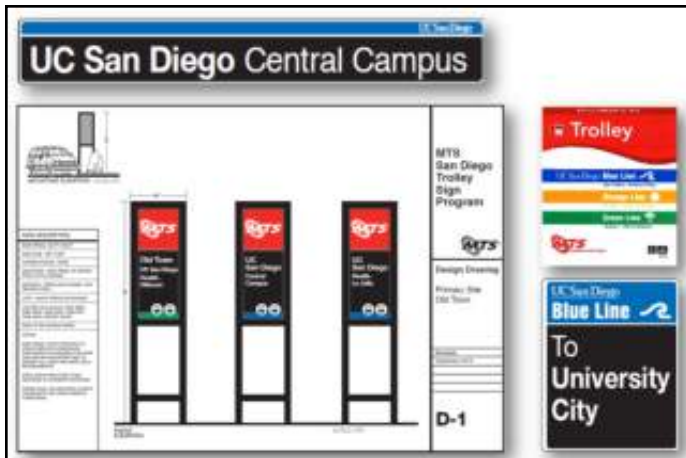
RESULTS: SAN DIEGO MTS



Trolley Interior Signage

Trolley Station Signage

Trolley Wraps (renderings)



RESULTS: GREATER CLEVELAND RTA

Viking Line BRT and Stop Signage



HealthLine BRT Stop Branding



RESULTS: GREATER CLEVELAND RTA

HealthLine Stop Signage



Trolley Stop Signage (Rendering)



SALES APPROACH

- /// **Exhaust contact database** of TSG's regional, national and international corporate contacts, which is continually updated
- /// **Match the marketing needs** of corporations with the logical and most valuable assets
- /// **Collaborate closely with the client** on recommendations and / or existing relationships
- /// **Promote revenue-generating campaigns** with a description of the client's assets and initiatives

TSG has sold more than
\$2 BILLION
in Naming Rights &
Sponsorships
since 1994

SALES APPROACH



Create presentation material providing specific information for corporate partners including:

- ◆ Market / demographic data
- ◆ Measured media value
- ◆ Value justification for unmeasured media
- ◆ Sponsorship benefits and options
- ◆ Options for renewal
- ◆ Financial investment

TSG also leads the following tasks:

- ◆ Negotiation and Completion of Agreements;
- ◆ Presentation of Corporate Partnerships to the Media;
- ◆ Management of Contract Fulfillment;
- ◆ Management and Audit of Ongoing Rights/Royalties;
- ◆ Activation and Audit (Term of Agreement).



The Superlative Group Inc.

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RESOLUTION NO. 17-06-_____

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

June 12, 2017

REPEALING RESOLUTION NO. 05-10-0176 AND RESTATING CRITERIA FOR THE SALE OF PROPERTY NAMING AND CORPORATE SPONSORSHIP/NAMING RIGHTS

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

THAT, Resolution No. 05-10-0176 is hereby repealed and the criteria for the sale of property naming and corporate sponsorship/naming rights is restated.

THAT, the criteria for designation of names for light rail stations, lines 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
- Strong nexus between the proposed naming sponsor and the proposed SacRT asset

THAT, staff will bring back to the Board for approval all requests for the Sale of Property Naming and Corporate Sponsorship/Naming Rights.

THAT, the Board hereby adopts the restated criteria for the Sale of Property Naming and Corporate Sponsorship/Naming Rights criteria as depicted above.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary