

Memo



To: City Commission

VIA: Russ Blackburn, City Manager
Paul Folkers, Assistant City Manager
Teresa Scott, Public Works Director

From: Jesus Gomez, Transit Director

Date: October 23, 2008

Subject: RTS Bus Shelter/Bench Advertising Report and Recommendation

The City of Gainesville Regional Transit System (RTS) is looking for alternative ways to generate revenue in order to maintain the best possible service for its customers. Because the City of Gainesville's sign code ordinances prohibit advertisement on bus shelters and benches, RTS does not currently take advantage of these advertising opportunities. However, the City Commission has requested RTS staff present a report to the City Commission detailing the success of shelter and bench advertising programs at other Florida transit agencies along with the policy implication, practicality and financial feasibility of bus shelter and bench advertising in Gainesville.

RTS Marketing staff contacted Florida transit agencies requesting information about their advertising programs. The request included data on the number of benches and shelters each agency has and how many of these are allocated for advertising. Other information requested included how the agencies' programs were administered, who the agencies subcontracted with, the percentage of revenue the subcontractors received, how much revenue was generated through shelter and bench advertising, and finally, personal thoughts and recommendations from those who were involved in these projects.

Thirteen Florida agencies responded and attached is a report on these agencies' bus shelter and bench advertising programs.

Five of the 13 responding agencies do not advertise on shelters or benches at all: Collier County; JTA (Jacksonville); Okaloosa County; St. Lucie County; and West Florida Regional Planning Council for Bay Town Trolley (Panama City). Six agencies advertise on both shelters and benches: HART (Hillsborough County); Key West; Lee Tran (Lee County); LYNX (Orlando); MDT (Miami Dade); and Palm Tran (Palm Beach County). The remaining two agencies advertise on benches but not on shelters: Citrus Connection (Lakeland) and MCAT (Manatee County). None of the agencies chose to advertise on bus shelters alone.

The predominant bus bench subcontractor is Metropolitan Advertising Bench Company, or Metro Bench. Metro Bench is a service company with locations in Jacksonville, Tampa, Fort Myers, West Palm Beach, Ocala and Orlando. They provide bus benches at no cost to municipalities and counties then sell advertising space on those benches, returning a portion of the revenue, either in money or free

ad space, to a number of organizations such as the Jaycees, Altrusa, and Big Brothers/Big Sisters. Bench placement is determined by the municipality and is based on the need for seating rather than the possibility of selling advertising space. Maintenance is also provided by Metro Bench.

While most agencies reported that their subcontractor maintained their bus stops, including mowing and emptying trash receptacles, HART reported that Signal Outdoor builds, sells and maintains their shelters. This provides cost avoidance benefits to those jurisdictions in addition to advertising revenue received from the vendors.

Reported FY08 gross revenue generated through these advertising endeavors included \$113,110 for Palm Tran (program is outsourced), \$200,000 for benches only for MDT (program is outsourced), and \$1.9 million for LYNX (in-house program). Lee Tran reported FY07 revenue of \$482,160 (\$385,544 for benches, \$96,616 for shelters).

Projected shelter/bench revenue for FY09 varied between the agencies: HART (Tampa) anticipates \$30,000 to \$60,000 in revenue; Key West \$50,000; Palm Tran (West Palm Beach) \$147,413; and LYNX (Orlando) \$1.5 million. MDT (Miami Dade) anticipates FY09 revenue of \$100,000 for their benches advertising program.

RTS requested more specific information regarding total advertising program costs and total maintenance costs of bus shelters and benches, both prior to and following entering into an outdoor advertising contract. Those agencies using an in-house advertising program reported total expenses of up to \$468,000 for LYNX.

While Lee Tran reported high revenue from their in-house bus shelter/bench advertising program, they also reported several personnel costs. These costs include three route maintenance crew members (3.0 FTE) and all of their expenses, .50 FTE for an Advertising Recruitment Specialist, who sells and services, and .50 FTE for an Advertising and Marketing Specialist, who serves as the graphic designer. Lee Tran's Marketing Manager spends 5% of her time overseeing the advertising department and also helps the advertising specialist to install bus ads.

Our study also showed that agencies who outsource their bus shelter and bench advertising program receive a return of 10% - 30% of advertising revenue from the vendor. Not all agencies reported their return.

Several outdoor advertising agencies are interested in establishing a shelter/bench advertising program for the City of Gainesville. The following is information detailing the number and locations of current RTS bus stop amenities and the cost to purchase new amenities.

Amenities by Geographical Area

| Area | Shelters | Benches | Trash Cans | Schedule Kiosks | Bike Racks | Light Fixtures |
|-----------------------|--------------|---------------|---------------|-----------------|--------------|----------------|
| Alachua County | 17 (13.49%) | 133 (18.58%) | 63 (16.76%) | 24 (16.11%) | 0 (0.00%) | 100 (22.73%) |
| City of Gainesville | 91 (72.22%) | 480 (67.04%) | 256 (68.09%) | 112 (75.17%) | 18 (64.29%) | 307 (69.77%) |
| University of Florida | 18 (14.29%) | 103 (14.39%) | 57 (15.16%) | 13 (8.72%) | 10 (35.71%) | 33 (7.50%) |
| Total | 126 | 716 | 376 | 149 | 28 | 440 |

* Percentages shown are out of the total amount of the feature found in the system

Total Number of Stops by Geographical Area

| | |
|-----------------------|-------------|
| Alachua County | 216 |
| City of Gainesville | 819 |
| University of Florida | 151 |
| Total: | 1186 |

Total Number of Stops that Need Benches by Geographical Area

| | |
|-----------------------|------------|
| Alachua County | 102 |
| City of Gainesville | 450 |
| University of Florida | 93 |
| Total: | 645 |

Total Number of Stops that Need Trash Cans by Geographical Area

| | |
|-----------------------|------------|
| Alachua County | 153 |
| City of Gainesville | 568 |
| University of Florida | 106 |
| Total: | 827 |

There is a need for 45 new shelters in the City of Gainesville and 15 new shelters in Alachua County. The current cost of to install 45 new shelters in the city would be \$398,610 .

The current total cost for RTS to install a bench at an existing bus stop is \$347.37 (broken down) is: bench, \$192.50; pad (2'X 6'), \$60.00; labor, \$94.87; total, \$347.37.

The current total cost to install a trash can at an existing bus stop is \$381.62 (broken down) is: trash can, \$286.75; labor, \$94.87; total, \$381.62.

The RTS annualized personal services cost for the upkeep of bus stop amenities is \$50,000. The annual cost to service the trash cans at bus stops is \$53,234.64. The total annual cost is \$150,944.64.

The current total cost for RTS to purchase and install shelters is \$8,858 (broken down):

| | |
|--------------------------|-------------------|
| Shelter | \$5,800.00 |
| Permit | \$180.00 |
| Slab | \$1700.00 |
| Sod | \$100.00 |
| Trash can | \$286.75 |
| Bench (2) | \$192.50 (each) |
| Kiosk if required | \$90.00 |
| Labor to install shelter | <u>\$316.25</u> |
| | \$8,858.00 |

Comparably, LYNX of Orlando reported that it cost between \$18,000 to \$25,000 for them to purchase and install a new shelter.

History

The issue of bus shelter advertising and newspaper racks has been reviewed previously by the City Commission. At a City Commission meeting on June 26, 2000 (Legistar item # 000224) Eller Media Company General Manager Craig Swygert gave a presentation regarding AdShel bus shelters and newspaper racks. The City Commission referred the issue of AdShel bus shelters and newspaper racks to the City Beautification Board and to City staff for review and recommendations.

At a subsequent Commission meeting on August 27, 2001 (Legistar item # 001722) the same issue was discussed. At their June 20, 2001 meeting, the City of Gainesville Beautification Board (CBB) discussed the idea of AdShel advertisements on Regional

Transit System (RTS) bus shelters at great length. A major selling point for this proposal was the revenue it would generate.

The CBB realized that RTS would benefit from this extra income. Given the problems the City of Gainesville already experienced with billboard companies and rights-of-way, the CBB decided to recommend rejecting this proposal. Their main concerns included the belief that community space in principle should not be leased or used for commercial gain, that advertisements would clutter and cheapen the look of right-of-way green space, and that maintenance problems and vandalism would be highly visible and reflect poorly on Gainesville.

Bus Shelter/Bench Advertising Program Advantages and Disadvantages

In collecting this information, both the pros and cons of advertising on bus shelters and benches have been reported.

Advantages

- Additional revenue to support RTS during challenging fiscal times
- Cost avoidance if vendors are responsible for installation of additional shelters and maintenance at bus stops including shelters, benches cleaning and trash collection.

Disadvantages

- Planning staff advised and the City Attorney concurred that the Land Development Code prohibits all off-premise street graphics or signs and the general code of ordinances prohibits commercial signage in the right-of-way. The placement of advertising on bus stop shelters would constitute off premise street graphics or signs and would therefore be prohibited under the land development code. To permit advertising on bus shelters would invalidate the city's prohibition against other types of off premise street graphics including billboards.
- RTS staff believes that the revenue generated and cost avoidance by shelter/bench advertising would not generate or save sufficient funding to restore our recent service reductions.
- In 2008 the Community Redevelopment Agency (CRA) board approved staff to partner with RTS to design or select a new bus shelter, which was presented to the CRA in August for approval for use in the CRA streetscape standards. After meeting with advertising companies, CRA staff believes that bus shelter/bench advertising would clutter the CRA areas and the revenue generated would not be worth countering the recent success the City had with ridding the urban core and streets of billboards and other advertising.
- Some in the transit industry have a perception that outdoor advertising dilutes brand awareness and identity and denigrates the system's image by pasting ads on everything related to transit service.
- Potential conflicts with vendors on content of ads.

- By outsourcing bus shelter and bench advertising to an outside vendor, there is a lost opportunity to develop future service and revenue partnerships with existing and potential advertising clients. Other transit agencies have reported that by conducting an in-house program, the agency is able to cultivate future partnerships with advertisers and network for other revenue-generating opportunities.

Recommendations

The City Commission: 1) do not implement a bus shelter/bench advertising program; and 2) consider expanding the existing RTS in-house bus advertising program.

Alternative Recommendation A

The City Commission: 1) do not implement a bus shelter/bench advertising program; and 2) retain the existing RTS in-house bus advertising program.

Alternative Recommendation B

The City Commission direct the City Manager to initiate a planning petition that would allow off-premise advertising and solicit proposals for a bus shelter/bench advertising program through an RFP process.