

SOUND TRANSIT

MOTION NO. M99-46

Revised policy regarding advertising on Sound Transit vehicles and at transit facilities and stations

BACKGROUND AND COMMENTS

Meeting:	Date:	Type of action:	Staff contact:	Phone:
Public & Government Affairs	7/2/99	Discussion Recommendation	Betty Laurs	206-398-5120
Board of Directors	7/8/99	Discussion/Possible Action	Tim Healy	206-398-5062

ACTION:

Motion No. M99-46 would revise and supersede Motion No. 98-79 adopting a policy allowing advertising on Sound Transit vehicles and at transit facilities and stations to:

1. Exempt coaches leased or purchased from partner agencies that already have revenue-generating advertising on them from a six-month moratorium period allowing only Sound Transit self-promotion advertising, and
2. Allow Sound Transit the option of contracting directly with an outside vendor to sell, produce, install, maintain and remove advertising on any or all of its fleet after the six-month period of self-promotion on new vehicles.

BACKGROUND:

In negotiating agreements with Community Transit, King County Metro and Pierce Transit to operate Sound Transit services, it has become evident that the agency's adopted advertising policy requires some minor modifications.

1. Exempt coaches leased or purchased from partner agencies that already have revenue-generating advertising on them from a six-month moratorium period allowing only Sound Transit self-promotion advertising

The previously adopted policy stipulates that only advertising for the agency and its services be allowed for six months after service is launched to avoid distract from Sound Transit's identity. It was originally assumed that ST would only use new coaches purchased directly from manufacturers. Recently, the Board approved the purchase of 27 Orion CNG buses already owned by Pierce Transit. Those coaches already have revenue-generating advertising sold through the end of the year. Each coach represents revenue-generating potential of approximately \$8,000 per year. Removing advertising from these coaches would represent a fairly large revenue loss to Sound Transit and present contractual complications between Pierce Transit and its advertising vendor.

Staff recommends revising ST advertising policies to allow revenue-generating advertising during the first six months of operation on ST coaches leased or purchased from contracting agencies and currently contain revenue-generating advertising.

2. Allow Sound Transit the option of contracting directly with an outside vendor to sell, produce, install, maintain and remove advertising on any or all of its fleet after the six-month period of self-promotion on new vehicles

The previously adopted policy stipulates that after six months of self-promotion advertising, revenue-generating advertising was to be sold through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts. Once all of Sound Transit's systems were operational, the intent was to contract directly with an outside vendor to sell, produce, install, maintain and remove advertising.

Each of the contract agencies has a different contract with TDI, the vendor selling, producing, installing, maintaining and removing advertising from those agencies' vehicles. Community Transit and Pierce Transit can, under existing contracts with TDI, sell advertising on coaches owned by ST and operated by them and transfer the revenues to Sound Transit for an administration fee. Those contracts stipulate an annual revenue guarantee per vehicle regardless of fleet size, so adding ST coaches to the fleet would increase revenues generated.

However, King County Metro's contract with TDI stipulates an annual revenue guarantee for the entire fleet of coaches owned and/or operated by King County. It does not include a per vehicle guarantee. The annual revenue guarantee only increases if Metro's fleet size increases by 10 percent. The addition of ST coaches to Metro's fleet size does not increase the annual revenue guarantee that Metro receives and therefore, technically does not increase advertising revenues generated on ST . Negotiations are currently underway with King County Metro to resolve this issue.

Staff recommends that, rather than waiting until all of Sound Transit's systems and vehicles are operating, the ST advertising policy be revised to allow the agency an option to advertise for its own vendor to sell, produce, install, maintain and remove advertising on all or part of its fleet immediately after the initial six months of self-promotion to maximize advertising revenue.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- On February 26, 1998, the Sound Transit Board adopted Motion No. 98-15, directing staff to develop a unified identity for Sound Transit vehicles and to develop Sound Transit exterior vehicle designs that would accommodate exterior advertising on buses and possibly on light rail vehicles. The motion indicated that staff would return to the board for discussion of advertising policies.
- On August 27, 1998, the Sound Transit Board adopted Motion No. M98-65 establishing policy for station/facility design issues common to all three lines of business. The motion stipulated that design parameters allow for advertising and locations be identified in facilities that would be appropriate for advertising.

- On October 27, 1998, the Sound Transit Board adopted Motion No. M98-79 establishing a policy to allow the sale of advertising on Sound Transit buses and light rail vehicles and at transit facilities and stations.
- On April 22, 1999, the Sound Transit Board adopted Motion No. M99-23 approving the purchase of 27 Orion Compress Natural Gas coaches already owned by Pierce Transit. Pierce Transit's advertising contract covers the sale of advertising on those coaches.

CONSEQUENCES OF DELAY:

Board action on these revised advertising policies is needed in a timely manner to allow appropriate language to be incorporated into attachments to bus service contracts. Staff recommends the following schedule for action:

7/2/99 PGA discussion/recommendation

7/8/99 Board discussion/possible action

KEY FEATURES OF RECOMMENDED MOTION:

Note: Changes to the previously adopted policy are underlined

- The recommended motion would allow moderate levels of exterior advertising on buses, light rail vehicles and at transit facilities and stations as appropriate.
- Priorities would be first on customer information and then on maximizing advertising revenue.
- Every effort would be made to ensure that advertising does not distract from Sound Transit's identity program. For the first six months after launching any of its services, Sound Transit would only advertise the agency and its services on ST vehicles with the exception of coaches leased or purchased from partner agencies that currently have revenue-generating advertising in place.
- After six months, the agency would sell advertising through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts where applicable or ST may contract directly with an outside vendor to sell, produce, install, maintain and remove advertising on any or all of its fleet after six-months of self-promotion.
- ~~Once all of Sound Transit's systems are operational, the agency would contract directly with an outside vendor to sell, produce, install, maintain and remove advertising.~~
- Sound Transit would restrict advertising of alcohol, tobacco and obscene advertising content through language in existing contracts of its partner agencies or through its own contracts with advertising vendors.
- Sound Transit would reserve the right to review advertising and have advertising removed.

ALTERNATIVES:

- Retain Sound Transit's existing advertising policy as approved in Motion 98-79.

LEGAL REVIEW:

1. The recommended advertising restriction on tobacco, alcoholic beverages, and obscene materials is constitutionally permissible in accordance with the current state of the law.
2. Community Transit restricts “political advertising whatsoever” in its current advertising contract. It is legally permissible for a transit agency to refuse to accept political advertising provided all forms of political advertising are excluded.
3. The Legal Department has reviewed and approved the Background and Comments and the Motion.

SOUND TRANSIT

SUBSTITUTE MOTION NO. M99-46

A motion of the Board of the Central Puget Sound Regional Transit Authority to establish policy regarding advertising on Sound Transit vehicles and at transit facilities and stations, and superseding Motion No. M99-79.

Background:

On February 26, 1998, the Sound Transit Board approved Motion No. 98-15, directing staff to develop a unified identity for Sound Transit vehicles and to develop Sound Transit bus designs to accommodate exterior advertising and consider the possibility of exterior advertising on light rail vehicles. The previously adopted policy stipulates that only advertising for the agency and its services be allowed for six months after service is launched to avoid distraction from Sound Transit's identity. It was originally assumed that Sound Transit would only use new coaches purchased directly from manufacturers. Recently, the Board approved the purchase of 27 Orion CNG buses already owned by Pierce Transit. Those coaches already have revenue-generating advertising sold through the end of the year. Each coach represents revenue-generating potential of approximately \$8,000 per year. Sound Transit will also be leasing up to 20 Breda dual-powered coaches from King County Metro (pending Finance Committee approval of) that are currently operating on the Bellevue-to-Seattle Route 226 that will become ST Express Route 550. Those coaches currently carry revenue-generating advertising.

The previously adopted policy also stipulates that after six months of self-promotion advertising, revenue-generating advertising was to be sold through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts. Once all of Sound Transit's systems were operational, the intent was to contract directly with an outside vendor to sell, produce, install, maintain and remove advertising. Each of the contract agencies has a different contract with TDI, the vendor selling, producing, installing, maintaining and removing advertising from those agencies' vehicles.

Motion:

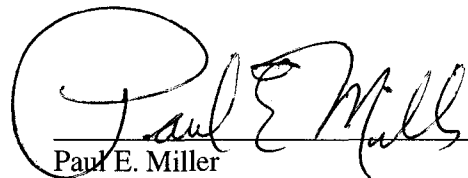
It is hereby moved by the Board of Directors of the Central Puget Sound Regional Transit Authority that the following items be adopted as policy for advertising on Sound Transit vehicles and at transit facilities and stations:

1. Provide moderate opportunities for advertising revenues by allowing the option to advertise where appropriate and technically feasible on:
 - ◆ Bus exteriors
 - ◆ Light rail vehicle exteriors at a moderate level that does not significantly detract from vehicle identity
 - ◆ Stations and other transit facilities on a case-by-case basis
2. Priorities shall be first on customer information and then on maximizing advertising revenue. Every effort should be made to ensure that advertising does not distract from Sound Transit's identity program.
3. When Sound Transit services begin operating, only allow advertising for the agency and its services for six months on vehicles with the exception of coaches leased or purchased from partner agencies that currently have revenue-generating advertising in place. This will provide time to develop an identity for

Sound Transit and its services. After six months, Sound Transit would receive advertising revenues through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts where possible or Sound Transit would accept advertising space for transit-related promotions on partner agencies' coaches in lieu of advertising revenues. As existing contracts partner agencies have with advertising vendors expire, Sound Transit would have the option of contracting directly with an outside vendor to sell, produce, install, maintain and remove advertising on components of its fleet.

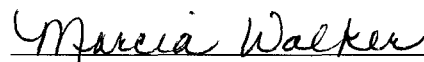
4. Restrictions on advertising content will be handled through language in partner agencies' (Community Transit, Everett Transit, King County Metro and Pierce Transit) existing contracts consistent with applicable law or through Sound Transit's own contracts with advertising vendors. Sound Transit will restrict advertising of alcohol, tobacco and obscene advertising content. Sound Transit reserves the right to review all advertising and have advertising removed that does not comply with the restrictions stated in existing contracts of partner agencies or through its own contracts with advertising vendors.

Approved by the Board of Directors of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 23rd day of September, 1999.



Paul E. Miller
Board Chair

ATTEST:



Marcia Walker
Board Administrator

SOUND TRANSIT

SUBSTITUTE MOTION NO. M99-46

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Public & Government Affairs	9/17/99	Discussion/Possible Action to Recommend Board Action	Betty Laurs, Director	206-398-5120
Board of Directors	9/23/99	Action	Tim Healy, Manager	206-398-5062

ACTION:

Motion No. M99-46 would revise and supersede Motion No. M98-79 adopting a policy allowing advertising on Sound Transit vehicles and at transit facilities and stations to:

1. Exempt coaches leased or purchased from partner agencies that already have revenue-generating advertising on them from a six-month moratorium period allowing only Sound Transit self-promotion advertising, and
2. Allow Sound Transit to accept advertising space for transit-related promotions on King County Metro coaches in lieu of advertising revenues that could possibly be generated by ST Express coaches operated by Metro, and
3. Allow Sound Transit the option of contracting directly with an outside vendor to sell, produce, install, maintain, and remove advertising on any or all of its fleet after partner agencies' existing contracts with advertising vendors expire.

BACKGROUND:

In negotiating agreements with Community Transit, King County Metro, and Pierce Transit to operate Sound Transit services, it has become evident that the agency's adopted advertising policy requires some minor modifications.

1. Exempt coaches leased or purchased from partner agencies that already have revenue-generating advertising on them from a six-month moratorium period allowing only Sound Transit self-promotion advertising

The previously adopted policy stipulates that only advertising for the agency and its services be allowed for six months after service is launched to avoid distraction from Sound Transit's identity. It was originally assumed that Sound Transit would only use new coaches purchased directly from manufacturers. Recently, the Board approved the purchase of 27 Orion CNG buses already owned by Pierce Transit. Those coaches already have revenue-generating advertising sold through the end of the year. Each coach represents revenue-generating potential of approximately \$8,000 per year. Removing advertising from these coaches would represent a fairly large revenue loss to Sound Transit and present contractual complications between Pierce Transit and its advertising vendor.

Sound Transit will also be leasing from King County Metro 17 Breda Dual-Powered coaches currently operating on the Bellevue-to-Seattle Route 226 that will become Sound Transit Express Route 550 (pending Finance Committee approval). Those coaches currently carry revenue-generating advertising.

2. Allow Sound Transit to accept advertising space for transit-related promotions on King County Metro coaches in lieu of advertising revenues that could possibly be generated by ST Express coaches operated by Metro, and

Each of the contract agencies has a different contract with Transportation Displays Incorporated (TDI), the vendor selling, producing, installing, maintaining, and removing advertising from those agencies' vehicles. Community Transit and Pierce Transit can, under existing contracts with TDI, sell advertising on coaches owned by Sound Transit and operated by them and transfer the revenues to Sound Transit for an administration fee. Those contracts stipulate an annual revenue guarantee per vehicle regardless of fleet size, so adding Sound Transit coaches to the fleet would increase revenues generated.

However, King County Metro's contract with TDI stipulates an annual revenue guarantee for the entire fleet of coaches owned and/or operated by King County. It does not include a per vehicle guarantee. The annual revenue guarantee only increases if Metro's fleet size increases by ten percent. The addition of Sound Transit coaches to Metro's fleet size does not increase the annual revenue guarantee.

King County Metro has offered to provide advertising space for transit-related promotions on Metro coaches in lieu of advertising revenues. The value of the advertising space would be equal, or greater than, the hypothetical revenue that could possibly be generated by ST Express coaches operated by King County Metro. Access to advertising space on King County Metro's fleet would allow Sound Transit to avoid the expense of purchasing transit advertising space, reduce Sound Transit's overall advertising expense, and provide expanded exposure for Sound Transit throughout King County.

3. Allow Sound Transit the option of contracting directly with an outside vendor to sell, produce, install, maintain, and remove advertising on components of its fleet as existing contracts partner agencies have with advertising vendors expire.

The previously adopted policy stipulates that after six months of self-promotion advertising, revenue-generating advertising was to be sold through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts. Once all of Sound Transit's systems were operational, the intent was to contract directly with an outside vendor to sell, produce, install, maintain, and remove advertising.

Since all of the existing partner agency contracts expire at different times (Pierce Transit and Community Transit contracts expire at the end of 2001, and King County Metro's contract expires at the end of 2002) it would be difficult Sound Transit to advertise for a single contract for its entire fleet at the same time.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- On February 26, 1998, the Sound Transit Board adopted Motion No. M98-31, directing staff to develop a unified identity for Sound Transit vehicles and to develop Sound Transit exterior vehicle designs that would accommodate exterior advertising on buses and possibly on light rail vehicles. The motion indicated that staff would return to the board for discussion of advertising policies.
- On August 27, 1998, the Sound Transit Board adopted Motion No. M98-65 establishing policy for station/facility design issues common to all three lines of business. The motion stipulated that design parameters allow for advertising and locations be identified in facilities that would be appropriate for advertising.

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- Every effort would be made to ensure that advertising does not distract from Sound Transit's identity program. For the first six months after launching any of its services, Sound Transit would only advertise the agency and its services on ST vehicles with the exception of coaches leased or purchased from partner agencies that currently have revenue-generating advertising in place.
- After six months, Sound Transit would collect revenue through agreements with transit agencies operating Sound Transit services using existing transit advertising contracts where possible or allow Sound Transit to accept advertising space for transit-related promotions on partner agencies' coaches in lieu of advertising revenues.
- As existing contracts partner agencies have with advertising vendors expire, Sound Transit would have the option of contracting directly with an outside vendor to sell, produce, install, maintain and remove advertising on components of its fleet.
- Sound Transit would restrict advertising of alcohol, tobacco and obscene advertising content through language in existing contracts of its partner agencies or through its own contracts with advertising vendors consistent with applicable law.
- Sound Transit would reserve the right to review advertising and have advertising removed that does not comply with the restrictions stated in existing contracts of partner agencies or through its own contracts with advertising vendors.

ALTERNATIVES:

- Retain Sound Transit's existing advertising policy as approved in Motion No. M98-79.

LEGAL REVIEW:

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