

TRANSIT COOPERATIVE RESEARCH PROGRAM

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TCRP Synthesis 32

**Transit Advertising Revenue:
Traditional and New Sources
and Structures**

A Synthesis of Transit Practice

**Transportation Research Board
National Research Council**

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Synthesis of Transit Practice 32

Transit Advertising Revenue: Traditional and New Sources and Structures

BEVERLY R. SILVERBERG

Beverly R. Silverberg, Communications, Inc.
Hyattsville, Maryland

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TRANSIT COOPERATIVE RESEARCH PROGRAM

The nation's growth and the need to meet mobility, environmental, and energy objectives place demands on public transit systems. Current systems, some of which are old and in need of upgrading, must expand service area, increase service frequency, and improve efficiency to serve these demands. Research is necessary to solve operating problems, to adapt appropriate new technologies from other industries, and to introduce innovations into the transit industry. The Transit Cooperative Research Program (TCRP) serves as one of the principal means by which the transit industry can develop innovative near-term solutions to meet demands placed on it.

The need for TCRP was originally identified in *TRB Special Report 213--Research for Public Transit: New Directions*, published in 1987 and based on a study sponsored by the Federal Transit Administration (FTA). A report by the American Public Transit Association (APTA), *Transportation 2000*, also recognized the need for local, problem-solving research. TCRP, modeled after the longstanding and successful National Cooperative Highway Research Program, undertakes research and other technical activities in response to the needs of transit service providers. The scope of vice configuration, equipment, facilities, operations, human resources, maintenance, policy, and administrative practices.

TCRP was established under FTA sponsorship in July 1992. Proposed by the U.S. Department of Transportation, TCRP was authorized as part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). On May 13, 1992, a memorandum agreement outlining TCRP operating procedures was executed by the three cooperating organizations: FTA, the National Academy of Sciences, acting through the Transportation Research Board (TRB), and the Transit Development Corporation, Inc. (TDC), a nonprofit educational and research organization established by APTA. TDC is responsible for forming the independent governing board, designated as the TCRP Oversight and Project Selection (TOPS) Committee.

Research problem statements for TCRP are solicited periodically but may be submitted to TRB by anyone at anytime. It is the responsibility of the TOPS Committee to formulate the research program by identifying the highest priority projects. As part of the evaluation, the TOPS Committee defines funding levels and expected products.

Once selected, each project is assigned to an expert panel, appointed by the Transportation Research Board. The panels prepare project statements (requests for proposals), select contractors, and provide technical guidance and counsel throughout the life of the project. The process for developing research problem statements and selecting research agencies has been used by TRB in managing cooperative research programs since 1962. As in other TRB activities, TCRP project panels serve voluntarily without compensation.

Because research cannot have the desired impact if products fail to reach the intended audience, special emphasis is placed on disseminating TCRP results to the intended end-users of the research: transit agencies, service providers, and suppliers. TRB provides a series of research reports, syntheses of transit practice, and other supporting material developed by TCRP research. APTA will arrange for workshops, training aids, field visits, and other activities to ensure that results are implemented by urban and rural transit industry practitioners.

The TCRP provides a forum where transit agencies can cooperatively address common operational problems. TCRP results support and complement other ongoing transit research and training programs.

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NOTICE

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The members of the technical advisory panel selected to monitor this project and to review this report were chosen for recognized scholarly competence and with due consideration for the balance of disciplines appropriate to the project. The opinions and conclusions expressed or implied are those of the research agency that performed the research, and while they have been accepted as appropriate by the technical panel, they are not necessarily those of the Transportation Research Board, the Transit Development Corporation, the National Research Council, or the Federal Transit Administration of the U.S. Department of Transportation.

Each report is reviewed and accepted for publication by the technical panel according to procedures established and monitored by the Transportation Research Board Executive Committee and the Governing Board of the National Research Council.

Special Notice

The Transportation Research Board, the Transit Development Corporation, the National Research Council, and the Federal Transit Administration (sponsor of the Transit Cooperative Research Program) do not endorse products or manufacturers. Trade or manufacturers' names appear herein solely because they are considered essential to the clarity and completeness of the project report.

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PREFACE

A vast storehouse of information exists on many subjects of concern to the transit industry. This information has resulted from research and from the successful application of solutions to problems by individuals or organizations. There is a continuing need to provide a systematic means for compiling this information and making it available to the entire transit community in a usable format. The Transit Cooperative Research Program includes a synthesis series designed to search for and synthesize useful knowledge from all available sources and to prepare documented reports on current practices in subject areas of concern to the transit industry.

This synthesis series reports on various practices, making specific recommendations where appropriate but without the detailed directions usually found in handbooks or design manuals. Nonetheless, these documents can serve similar purposes, for each is a compendium of the best knowledge available on those measures found to be successful in resolving specific problems. The extent to which these reports are useful will be tempered by the user's knowledge and experience in the particular problem area.

FOREWORD

*By Staff
Transportation
Research Board*

This synthesis will be of interest to transit agency general managers, their marketing and advertising staffs, as well as to others dealing with revenue generation on behalf of transit agencies. It offers information from selected North American and other transit agencies about the existing environment for advertising on transit property and describes agency experiences. It also explores innovative revenue-generating practices.

Administrators, practitioners, and researchers are continually faced with issues or problems on which there is much information, either in the form of reports or in terms of undocumented experience and practice. Unfortunately, this information often is scattered or not readily available in the literature, and, as a consequence, in seeking solutions, full information on what has been learned about an issue or problem is not assembled. Costly research findings may go unused, valuable experience may be overlooked, and full consideration may not be given to the available methods of solving or alleviating the issue or problem. In an effort to correct this situation, the Transit Cooperative Research Program (TCRP) Synthesis Project, carried out by the Transportation Research Board as the research agency, has the objective of reporting on common transit issues and problems and synthesizing available information. The synthesis reports from this endeavor constitute a TCRP publication series in which various forms of relevant information are assembled into single, concise documents pertaining to a specific problem or closely related issues.

This report of the Transportation Research Board reports on the notion that there are as many opportunities to generate advertising revenue as there are pieces of equipment, property, and printed material at the transit agency.

To develop this synthesis in a comprehensive manner and to ensure inclusion of significant knowledge, available information was assembled from numerous sources, including a number of public transportation agencies. A topic panel of experts in the subject area was established to guide the researchers in organizing and evaluating the collected data, and to review the final synthesis report.

This synthesis is an immediately useful document that records practices that were acceptable within the limitations of the knowledge available at the time of its preparation. As the processes of advancement continue, new knowledge can be expected to be added to that now at hand.

CONTENTS

- 1 SUMMARY

- 3 CHAPTER ONE INTRODUCTION
 - Background, 3
 - Purpose and Scope of Work, 3
 - Methodology, 4
 - Literature Search, 5

- 6 CHAPTER TWO TRANSIT ADVERTISING: WHO'S DOING WHAT?
 - Overview, 6
 - Agency Profiles, 6
 - Advertising Programs, 6
 - Transit Advertising Opportunities, 8
 - Transit Advertising Displays, 8
 - Rolling Billboards, 9
 - Who's Advertising on What? 14

- 16 CHAPTER THREE ADVERTISING PROGRAM ISSUES
 - Policy Guidelines, 16
 - Alcohol and Tobacco Advertising, 17
 - Public Service Advertising, 18
 - Self-Promotion, 19

- 21 CHAPTER FOUR ADVERTISING CONTRACTS: "SHOW ME THE MONEY"
 - In-House or Out? 21
 - Contract Issues, 21
 - To Advertise or Not to Advertise, That Is the Question, 21
 - Program Costs and Revenues, 23

- 24 CHAPTER FIVE NEW SOURCES AND STRUCTURES
 - Technology in Transit Information, 24
 - Technology Brings New Advertising Possibilities, 24
 - Advertising Efficacy, 25
 - Beyond Traditional Advertising Revenue, 26

- 28 CHAPTER SIX AGENCY PROFILES
 - Four Agencies Examined, 28

32	CHAPTER SEVEN	CONCLUSIONS
34	REFERENCES	
34	BIBLIOGRAPHY	
35	APPENDIX A	QUESTIONNAIRE
38	APPENDIX B	LIST OF RESPONDING AGENCIES
39	APPENDIX C	ADVERTISING AGENCIES USED BY RESPONDENTS
40	APPENDIX D	ADVERTISING AT THE 20 LARGEST BUS AGENCIES CHART
44	APPENDIX E	MILWAUKEE COUNTY TRANSIT SYSTEM ADVERTISING POLICIES AND STANDARDS
46	APPENDIX F	WMATA REQUEST FOR PROPOSAL FOR BUS ADVERTISING CONTRACT

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Gwen Chisholm, Senior Program Officer, assisted TCRP staff in project review.

Information on current practice was provided by many transit agencies. Their cooperation and assistance were most helpful.

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TRANSIT ADVERTISING REVENUE: TRADITIONAL AND NEW SOURCES AND STRUCTURES

SUMMARY

Transit agencies across the country are examining opportunities to increase revenues as decreasing subsidies from federal, state, and local governments and increasing funding needs become ever more pressing. The appeal to transit agencies to contract with an advertising agent who will sell advertising space on and in buses, trains, stations, shelters, and other agency property is completely understandable--advertising provides revenue. With what appears to be a modest investment in personnel and time, the transit authority is usually guaranteed a minimum annual revenue flow and a share of net revenues above an agreed upon minimum. In addition, the transit authority can include trades with media for unsold space. They can also use unsold space to promote the system's transportation services and to offer ad space for public service announcements and to nonprofit organizations.

This is a time when corporations and industries with previously conservative approaches to advertising are showing up on buses, kiosks, and other forms of outdoor advertising in record numbers. It has been called the golden age of out-of-home advertising as the fashion industry and the media, to name but two relatively new categories of outdoor advertising clients, discover the potential for exposure beyond the traditional realms of print and broadcast ads. Is transit aware of the value of their inventory as a commercial resource and are they making the most of those assets? There are those who argue that permitting advertising on publicly supported transit systems demonstrates responsible stewardship and respect for the taxpayers' hard-earned dollars by maximizing every opportunity to use less of them. Others express concern about the visual impact the ads have on the public landscape.

This synthesis describes the existing transit advertising environment and agency experiences. It also explores new areas of innovative revenue-generating practices. Twenty-six transit authorities--large, medium, and small, bus-only, rail-only, and mixed modes, from Newark, New Jersey to Honolulu, Hawaii--were surveyed. Care was taken to include transit agencies of all sizes and from every region in the nation in a survey conducted in the early months of 1997. The Kowloon Motor Bus Company is the 27th transit system included in the survey and the only foreign transit agency represented in the survey analysis. The questionnaire is provided in Appendix A.

Of the surveyed agencies, 85 percent sell or lease advertising space and more than three-fourths of them contract for the service. Annual revenues from advertising range from a low of \$1,000 a year in Dayton, Ohio--where only public service ads are permitted and a nominal fee is charged--to \$17 million in New York City. If additional revenues are the biggest plus, some of the areas for concern by transit authorities still thinking about whether to start an advertising program include legal, operational, safety, and aesthetic issues.

Some cities that have laws regulating outdoor advertising and sign codes may prohibit some forms of advertisements. Transit agencies that allow advertising on their vehicles and property have varying degrees of control over ad content. Although every agency has advertising policies and standards that prohibit false, obscene, or vulgar content, the fact is that people differ in their interpretations of what constitutes false, obscene, or vulgar

material and law suits have been brought and continue through the courts on these matters. Lawsuits that are currently wending their way through the appeals process may help to clarify the issue of content control.

Operational concerns include restrictions of buses with certain ads to those routes that have specific demographics of interest to an advertiser. This requirement could be viewed as reducing a transit authority's flexibility in assigning buses to garages and routes and adding associated costs. Another maintenance issue is related to the use of paint and direct application ads and the need to touch up or repaint vehicles that have been painted or covered with adhesive material. Most contracts now call for the advertising contractor to bear the costs of such maintenance for painted or whole-wrapped buses.

Safety concerns range from decreased visibility--because ads on shelters and windows could limit clear views and natural sight lines--to concerns about opportunities for increased vandalism and graffiti.

Transit authorities with no advertising revenue program may worry that selling ads might detract from a positive public image. The subject of ad content is highly volatile. Proponents of free speech often find themselves at odds with those who worry about community standards and the images that young people are exposed to in public places. Clearly, these issues deserve and are receiving careful consideration.

Advertising is but one area of revenue enhancement under exploration by transit authorities. From fees collected for vending machines and pay phones to marketing merchandise and expertise, transit authorities continue to evaluate many opportunities for new revenue sources. Agencies with rights-of-way are leasing space for cables, pipelines, and utilities. Real estate leases, including air rights above and around stations bring added revenues into transit agency coffers.

One of the most frequently cited examples of "mining every possibility" is the Central Florida Regional Transportation Authority (LYNX) in the tourist mecca Orlando, Florida. This 250-bus operation using an in-house staff of two commissioned sales people reports a \$2.5 to \$3 million annual revenue stream from advertising, sponsorships, merchandising sales and, in their own words, "everything we can think of." They are currently contemplating using on-board videos and broadcasting from their buses to tap additional revenue.

Advertising dollars represent a small percentage of transit agency budgets and are, in fact, even a small percentage of annual fare box revenues. However, in this era of increasing demands on ever-shrinking dollars, the chance to leverage revenue from existing passive resources is sought and welcome, but not necessarily in every way or in every venue.

In Montreal, for example, the transit authority has used hub cap ads, bus hand-straps shaped like Coca-Cola bottles, and has even wrapped whole trains in ads. They are exploring a station commercialization program that would turn a station over to a company and let that company paint the entire station with its colors and logo, add stores, demonstrate new products, and distribute information.

While some people may find such commercialization crass and offensive, others may find it opening exciting possibilities. The debate is far from over. The board of directors of one major East Coast transit agency terminated its whole bus advertising program in December, 1996 and rejected a \$1.8 million guaranteed revenue stream over a 5-year period, because it believed that whole bus ads were incompatible "with the local environment." The lawyers are now working out the impact of that decision on their contractual obligations. The idea of whole bus advertising is made more palatable for some people as transit authorities consider a discount "cultural affairs" rate for museums and opera houses.

Most major transit authorities in the country allow advertising on some portions of their vehicles and property. Transit authority boards across the country continue to debate the shape and scope of acceptable advertising policies.

CHAPTER ONE

INTRODUCTION

BACKGROUND

Reacting to funding cutbacks and increasing revenue needs, many transit agencies are looking at increasing the amount and kinds of advertising that they permit on transit facilities and equipment as a way to raise additional revenue. The search for new dollars came at the same time that marketing experts were looking for new ways to carry their messages to consumer audiences outside the home.

The term "out-of-home" media means literally whatever carries advertising messages to the consumer outside of the home—not print and television ads. It includes everything from billboards and posters to displays on transit vehicles, on shelters, in stations, airports, shopping malls, sports arenas and supermarkets. The history of billboards in this country spans a century with advocates pointing to a proud tradition of providing consumers with valuable information about everything from gas and lodging to other necessary services. Detractors point to the proliferation of signs and the "blight" of billboards. The battle raged for years and culminated in the mid 1960s with passage of national legislation limiting highway billboards.

In 1970, according to industry figures, out-of-home billings equaled \$260 million. By 1996, that figure was \$3.76 billion. Advertising on transit property represents about 10 percent of that total (1). This is certainly a sizable amount and one that cannot be ignored. In a *Woman's Wear Daily* article in 1995, a Gannett outdoor advertising executive was predicting growth in advertising sales for fashion, fragrance and cosmetic companies of 20 percent over the previous year. This explosion in outdoor advertising is reflected in dollars and cents. The same article notes that "The focus of outdoor advertising has shifted from billboards to buses because they penetrate urban centers from shopping districts to upscale residential areas"(2). The article goes on to say that bus advertising reaches people too busy to read a magazine. Advertisers have discovered the value of transit ads, but do transit agencies understand the competitive environment that exists for out-of-home advertising and how to maximize the benefit for transit?

Transit agencies are eager to explore innovative ways to fund transit and make their services more appealing and customer-friendly to passengers. Is selling advertising consistent with those goals? Do passengers benefit from the messages they have in front of them and around them? No independent research studies of these questions turned up in any of the searches done for this synthesis.

Agencies that are strapped for money may not be able to buy information kiosks, but permitting advertising in and on the kiosk could be a way to pay for them. A model for such an effort is the purchase and maintenance of bus shelters by

advertising agents who contract with cities or transit agencies to install the shelter and sell the advertising space.

Are there touch screen kiosks and TV monitors coming to a nearby transit station any time soon? Information age technology continues to evolve, providing potential customers with better, more timely and targeted information on how to use transit. "Intelligent Transportation Systems" are taking new forms and advertising may be one of the ways to provide the customer with affordable, real-time information. A number of projects are underway throughout the country, some of them are described in chapter 5. However, at this time, the promise of revenues is unfulfilled as development and capital costs are borne by government agencies and some public/private partnerships.

There is not a lot of literature currently available on the subject of transit advertising. What there is has been gleaned for this synthesis.

PURPOSE AND SCOPE OF WORK

The intent of this synthesis is to describe current practices in transit advertising at a representative cross-sampling of the nation's transit authorities, as well as to take a limited look at what innovations are taking place in other countries. Transit operators were asked to provide the following information:

- equipment and facilities;
- total revenue from all advertising on their system;
- advertising policy guidelines;
- advertising contract management; and
- other innovative revenue sources.

Of the agencies responding to the questionnaire, 15 percent do not sell or lease advertising, but several of them expressed interest in the results of the study to help them determine if they should consider such a program. The transit agency in Las Vegas, Nevada, reported in the synthesis survey that it had issued a request for proposal for an advertising contract in early 1997.

Transit Agency Profile

The agencies were asked about the number and kinds of vehicles they operate, the facilities and rights-of-way they own, as well as their annual operating budget. The range includes an agency with 20 buses and no advertising program to one with 3,600 buses, 5,800 rail cars and ads on virtually any potential ad medium.

Advertising Revenue Data

Of the surveyed agencies, 85 percent sell or lease advertising space in or on their system on everything from their trains and buses to farecards, maps, and timetables. More than half sell whole-bus advertising; one transit agency makes its overpasses and trestles available for signs and posters.

This synthesis describes the different forms that advertising can take on rolling stock and facilities. It also identifies the annual revenues generated from these ads, from the smallest system in the midwest to the largest fleet on the East Coast.

Advertising Policies

All of the responding agencies that sell ad space have policy guidelines. Many systems restrict alcohol and tobacco advertising, from a total ban to a limit on the percentage of such ads sold. Tobacco advertising is in a state of flux at this writing with a potential settlement under review that could drastically change tobacco marketing. Other restrictions on ad content deal with objectionable, indecent, libelous or political content. The issue of controlling content concerns transit agencies. Although almost three-quarters of the survey respondents have never been sued, the results of a Southeastern Pennsylvania Transportation Authority (SEPTA) case that, at this writing, is in the Court of Appeals will have far-reaching implications for all transit systems. This case is more fully described in chapter 3.

The number of responding agencies using their own service-related promotions and providing public service advertising is also reported in the synthesis findings.

Advertising Contracts

This synthesis examines the practices of those transit agencies contracting out advertising sales and those who do their own selling in-house. A list of the firms that respondents contract with is included in Appendix C. Readers discover which transit agencies use in-house staff, pay a commission to their staff, and how much. An explanation is provided in the synthesis of how the contracts provide fixed fees or a shared arrangement for annual net billings over an initial guaranteed minimum. Contract auditing issues are also covered.

Other Revenue Sources

More than half of the transit agencies that responded answered that they had revenue sources other than riders and subsidies, from fees for pay phones to charter service, in addition to advertising revenue. One-third of the agencies own their own rights-of-way and lease them to other companies. More than half the agencies surveyed barter and trade for both products and services, most dealing with media trades. Licensing and sponsorship agreements, from toy trolleys to annual jazz fests, offer transit agencies other entrepreneurial opportunities.

Innovations

What may appear innovative to some transit systems may be standard practice for others. Transit agencies are exploring everything from merchandising their route maps on tee shirts and postcards to marketing their expertise to other properties. One southern bus company even sells newspapers in the morning. A Chicago commuter railroad provides cell phones for its customers to increase customer amenities, satisfaction, and ultimately ridership and revenues. Film location fees are another innovative way to raise revenue. A discount "culture rate" for whole-bus advertising could spur interest for ads by theaters, museums, and opera companies.

Leave It To The Experts?

Transit agencies are looking for new sources of revenue and media buyers are looking for opportunities to influence potential customers and increase their market share. Do these interests intersect at a transit station? Simply because a transit agency decides it is going to make its vehicles and property available for advertising does not necessarily mean it is in an area with a population that will attract the interest of advertisers. People in Vermont may not want to buy air conditioners, but they may be interested in sun lamps. People in Hawaii are more likely to go for the air conditioners. It is difficult to gauge how hard it is to place the "right" advertiser with the "right" transit agency.

Large ad agencies may have the market research to match their clients with the "right" transit system, rail line or bus route. They may have national clients who are interested in exposure in every media market and may prefer not to deal with many different transit authorities. Or the large ad agency may miss golden opportunities to deal with local or regional advertisers because the national ones are so easy for them. Which approach makes sense for transit? Go with the experts in the field or create an in-house capability? This synthesis attempts to sort out the options.

METHODOLOGY

A comprehensive questionnaire was developed with advice from the Synthesis Topic Panel members and transit agency experts. This synthesis incorporates the survey data, information gathered from interviews, conversations, reports and news articles. Respondents were asked to provide photographs of their advertisements, samples of their contracts and copies of their policies and many obliged.

A number of extended conversations were conducted with selected marketing managers about their advertising programs. Thanks go to staff from: Washington Metropolitan Area Transit Authority (WMATA), Bay Area Rapid Transit District (BART), Metropolitan Transit Authority in Houston (METRO), Southeastern Pennsylvania Transportation Authority (SEPTA) and Central Florida Regional Transportation Authority

(LYNX), Seattle/King County (Metro) and to Transportation Displays, Inc. and Outdoor Services, Inc.

Finally, a literature search was done using the Internet and the Transportation Research Information Service (TRIS), as well as a review of industry publications and periodicals with the help of staff at the Federal Transit Administration. Unpublished reports made available by the Eno Transportation Foundation proved quite valuable in identifying innovative activities in other countries.

The first chapter introduces the subject and the organization of the report material. Chapter 2 provides information about who's doing what. It incorporates an inventory of transit equipment and facilities that are being used for advertising in addition to their original transportation purposes.

Chapter 3 includes survey information about the advertising policies at various transit properties, addressing experiences with lawsuits and other controversies faced by systems. Chapter 3 also explores alcohol and tobacco advertising policy, and attempts to answer the question: How important are tobacco and alcohol sales to transit in terms of total advertising revenue dollars? In addition, public service announcements and their role are examined.

Chapter 4 looks at the financial side of advertising. How much are transit agencies making? What factors should be weighed in deciding if the program is worth the effort? What resources are used? How can an agency decide?

Chapter 5 explores new sources and structures, along with some ideas from Canada, England, Ireland, Japan, and Hong Kong.

Chapter 6 has a summary of findings and incorporates four transit authority profiles, one with an in-house advertising program, one that contracts out for that function, one major bus agency that does not allow advertising on its system and a fourth agency that has incorporated advertising into its bus design.

Chapter 7 offers conclusions and suggestions for further study. Appendices follow and include the Questionnaire, the

list of transit agencies surveyed, their advertising agencies, advertising policies, and a sample contract.

LITERATURE SEARCH

As previously mentioned, there is little in the literature on the subject of transit advertising revenues. Two of the most valuable reports surfaced through conversations with colleagues. The American Public Transit Association (APTA) identified an internal study that had been prepared by The Houston METRO in 1995. It was a comprehensive review of the nation's 20 largest bus companies and their costs and policies regarding on-system advertising (3). Appendix D provides data from that study. Another report with useful information was prepared in 1992 by the Federal Transit Administration (FTA) on alcohol and tobacco advertising policies and the extent to which transit authorities rely on those advertising dollars (4).

A third valuable source was the Eno Transportation Foundation. It provided several draft documents to facilitate the study of innovative transit revenue-generating practices in other countries. The documents were prepared as a result of an International Transit Study Program mission to Canada in late 1996 to review transit operations (5). The program was funded by the Transportation Research Board and conducted by the Eno Transportation Foundation. Questionnaires sent to London and Singapore were not returned, the information on those systems is anecdotal, and from news reports. The author visited Japan and observed a number of advertising innovations described in chapter 5.

"The Complete Guide to Creative Out-Of-Home Media Forms" is a valuable resource on the entire spectrum of out-of-home displays that are available (1). The guide gives descriptions, dimensions, and illustrations of the various media that can be employed to reach client audiences. It also describes how changes in technology have improved the reproduction of quality art into billboards.

CHAPTER TWO

TRANSIT ADVERTISING: WHO'S DOING WHAT?**OVERVIEW**

The data for this synthesis were obtained from 26 of the 45 transit agencies in the United States that received a questionnaire, a 58 percent response rate. Appendix B lists the questionnaire respondents, their region, and the size of their system.

In addition, the questionnaire was sent to 11 foreign transit agencies in Hong Kong, Singapore, and London. Only the Kowloon Motor Bus Company in Hong Kong returned the survey in time to have the data included in the statistical analysis. Data from two other agencies and the Kowloon Railway of Hong Kong came in too late to be included in the survey analysis, but information obtained from those systems is incorporated into the overall findings. These three systems are included in Table 1 with an asterisk to denote they are outside the analysis. The profile includes the system size, location, equipment counts, whether or not they sell advertising space, the annual operating budget and revenue from ads, as well as a column featuring other revenue sources.

AGENCY PROFILES

Of the agencies responding to the questionnaire, 96 percent operate buses. Fleet size varies from a low of 20 buses in a Maryland suburban jurisdiction to a high of 3,600 buses in New York and Hong Kong. Other vehicles operated by the responding transit agencies include a mix of paratransit vehicles, light rail, heavy rail, mall shuttle buses, electric cars, and even two inclines in Pittsburgh (see Table 2). No agency in the survey group advertises on its paratransit fleet.

The annual operating budgets of the agencies surveyed reflects their size and complexity, with a range of \$4.5 million to \$3.1 billion for New York to Hong Kong's HK\$4 billion (roughly equivalent to \$506.3 million.) (Table 3). Advertising revenues range from a low of \$1,000 a year in Dayton, Ohio, where they post ads for nonprofits only and charge a fee of \$50 per 100 ads for that service. The top of the range is the \$17 million per year reported for New York's bus and subway system. (This includes only the New York City Transit Authority, not the New York MTA revenue stream, which approaches \$33.5 million.) The Kowloon bus system reports advertising revenue of HK\$45 million, which translates into more than \$5.7 million. Figure 1 shows Kowloon buses with advertising.

ADVERTISING PROGRAMS

The world of advertising has entered new arenas-literally. New sports stadiums are taking on the names of major

company advertisers, such as the MCI Arena in Washington, D.C. Where once there was Yankee Stadium or Fenway Park or Griffith Stadium, named for teams and owners, now stadiums are named for corporate sponsors, such as the USAir Arena. Candlestick Park has become the 3COM Park at Candlestick Point. Every sporting event has the names and logos of major companies plastered on the walls of the arena, embedded in its ice, and embroidered or stamped on the clothing of athletes.

The International Olympics may appear to some observers to have more sponsors than players. Looking at the marketing of the Olympics is instructional. Official sponsorships of the Games' name and image, the five-circle logo, were sold, creating a bonanza for the International Olympic Committee. There are those who applaud the business acumen that created this revenue from intangibles and there are those who bemoan the commercialization.

A conversation with the former president of the Centre Group/USAir Arena, who was actively involved in the plans and negotiations to rename the arena was enlightening. The stadium selling and naming business has become such a common practice that agents now handle these transactions routinely. Matching an arena's assets to the advertiser's needs and desires is what counts. The traffic and exposure is an asset that advertisers are willing to pay for and they need to be measured accurately since all advertising fees are based on "exposures," whether it's broadcast or print, billboard or mascot.

The in-house team from the Centre Group that put together the offering calculated how many times the stadium's name appears in the newspapers, is announced during sports broadcasts, is discussed by attendees, and so on. Every opportunity for a commercial message, such as new signage, scoreboards with electronic images, logos on the basketball court, was carefully calculated on how many times that imprint would be carried during nationally or internationally televised games. USAir, the airline now known as US Airways, reportedly paid \$1 million a year to have Capital Centre in Landover, Maryland, renamed USAir Arena.

When stadium executives first developed their proposal, they were very conscious of public reaction and concerned about not being invasive or intrusive. They broke new ground and the rest, as they say, is history. For the new Washington, D.C. arena, US Airways did not pursue the naming rights and MCI reportedly paid \$44 million for a 10-year deal.

The ability to associate a product with a function that people attend and enjoy has become part of our daily existence from art exhibits to tennis tournaments. Picasso's Early Years exhibit was sponsored by Bell Atlantic; Sara Lee Corporation and Ameritech helped bring the Monet Exhibit to the Art Institute of Chicago; and Penzoil helped the Indianapolis 500 happen. Sports fans can find tennis finalist Boris Becker at the

TABLE 1
A PROFILE OF SURVEY RESPONDENTS

In-House Sales	City/State	Region	System Size	No. of Buses	No. of Rail Cars	Annual Operating Budget (\$)	Annual Ad Revenue (\$)	In-House Staff	Any Other Revenue Sources
MVRTA	Dayton, OH	Midwest	small	246	4 streetcars	44 mil	1,000	1	streetcar charter
LYNX	Orlando, FL	Southeast	small	250	bus only	46 mil	2.5-3 mil	2	paint vehicles
COTA	Columbus, OH	Midwest	small	306	bus only	52 mil	760 k	1	none
SamTrans	San Carlos, CA	West	small	343	bus only	65.8 mil	600 k	3	real estate
Honolulu Pub. Transit	Honolulu, HI	West	medium	525	bus only	118 mil	124 k	1	none
Kowloon Motor Bus Co.	Kowloon, HK	Int'l.	large	3,600	bus only	HK 4 billion	HK 45 mil	6	interest income
<i>Contracted Sales</i>									
GRATA	Grand Rapids, MI	Midwest	small	87	bus only	12 mil	50 k		none
MAX	Birmingham, AL	South	small	92	3 electric	8.5 mil	35 k		none
CNYRTA	Syracuse, NY	Northeast	small	200	bus only	24 mil	274 k		fuel sales
RTA	Rochester, NY	Northeast	small	237	bus only	28 mil	210 k		none
Public Transit Dept.	Phoenix, AZ	Southwest	small	383	bus only	58 mil	700 k		none
Milwaukee Cty Transit	Milwaukee, WI	Midwest	medium	500	bus only	87 mil	500 k		sponsorship
Tri-Met	Portland, OR	Northwest	medium	642	26 LR*	137 mil	1.5 mil		none
PAT Transit	Pittsburgh, PA	Northeast	medium	800	55 LR	217 mil	1.1 mil		shelter adv.
RTD	Denver, CO	Midwest	medium	828	17 LR	183 mil	2.5 mil		gas pipelines
DART	Dallas, TX	South	large	860	40 LR	221 mil	1.3 mil		utilities, track rights
WMATA	Washington, D.C.	Mid-Atlantic	large	1,300	750 HR**	628.7 mil	7.7 mil		fiber optics, parking
SEPTA	Philadelphia, PA	Northeast	large	1,400	124 LR 320 HR	700 mil	5 mil		real estate leases
NJ Transit	Newark, NJ	Northeast	large	1,856	715 HR	832 mil	4.7 mil		cross border leasing
CTA	Chicago, IL	Midwest	large	2,035	1,134 HR	780 mil	7 mil		none reported
BART	Oakland, CA	West	medium	rail only	660 HR	269 mil	1.6 mil		
NYC Transit	New York, NY	Northeast	large	3,600	5,800 HR	3.1 billion	17 mil		
MTA^ (NYC's #s part of MTA)	New York, NY	Northeast	large	3,855	1947 LR 5800 HR	5 billion	33.5 mil		retail concessions
Metro King County^	Seattle, WA	Northwest	large	1,138	bus only	212 mil	2.5 mil		sales tax
KCRC^	Kowloon, HK	Int'l.	large	rail only	100 LR	HK 400 mil	HK 5 mil		ATM rentals
<i>No Ad Revenue</i>									
Prince George's County	Largo, MD	Northeast	small	20	bus only	4.5 mil			
CATA	Lansing, MI	Midwest	small	60	bus only	14 mil			
RTC	Las Vegas, NE	West	small	195	bus only	500 mil			
Ride-On	Rockville, MD	Mid-Atlantic	small	216	bus only	42 mil			
MTA Harris County	Houston, TX	South	large	1,291	bus only	246 mil			

^ Received too late to be in survey. *Light rail. **Heavy rail.

Source: 1997 Survey of Transit Agencies

TABLE 2
FLEET SIZE

Number of Vehicles	Percent			
	Buses	Paratransit Vehicles	Light Rail Cars	Heavy Rail Cars
< 100	15	63	75	28
100-499	38	31	25	14
500-1,000	19	6	-	28
1,000 +	23	-	-	28

Source: 1997 Survey of Transit Agencies.

Mercedes Cup in Stuttgart, Germany and Ernie Els golfing to victory at the Buick Classic or see Tiger Woods wearing his Nike cap.

TABLE 3

OPERATING BUDGET

Total Dollars	Percent
< 10 million	7
10 million to < 100 million	44
100 million to < 1 billion	41
1 billion +	7

Source: 1997 Survey of Transit Agencies.



FIGURE 1 Kowloon Buses.

TRANSIT ADVERTISING OPPORTUNITIES

Transportation facilities, like sporting arenas, are seen as ideal locations for messages to be beamed at captive viewers. Airline terminals and many airplanes now have television monitors; airports, intercity train and bus stations have posters. Transit agencies, too, are boarding the bandwagon.

There are almost 6,000 transit agencies in the United States, more than 2,200 operate bus service and some operate more than one mode. There are approximately 67,000 buses, 10,000 heavy rail cars, and 4,500 commuter rail cars operating in this country (6). More than half the buses in the United States carry advertising (1).

According to a survey of advertising revenue practices conducted in 1994, of the 20 largest bus agencies in the country, only Houston's METRO did not have a bus advertising program (3). Of the agencies (small, medium, and large) surveyed for the synthesis study, 85 percent sell or lease advertising on their vehicles. More than half the agencies surveyed for this study have whole-bus advertising. One transit agency used a whole-bus ad to do an executive search for its new General Manager (Figure 2). LYNX painted Mount Rushmore on a bus with one of the faces blank and the words: "LYNX Wants Another Monumental Leader" superimposed on the scene. The agency parked the bus at a meeting of transit general managers held in Florida.

TRANSIT ADVERTISING DISPLAYS

Exterior bus posters, displayed on the front, back, and sides of the vehicle, offer advertisers high exposure, particularly in large urban areas. There are commuters and tourists, or people in cabs, rental cars, and on foot who can see the rolling billboard go by. According to "The Complete Guide to Creative Out-Of-Home Media Forms," bus exteriors are available in 80 to 85 percent of the top 100 markets in the United States on more than 36,500 buses. The bus exteriors provide "mass audience exposures" that are repeated and reinforced as they follow the same routes every day (1).

Whole Bus Ads

The "wrapped" or "painted" whole buses are considered premium advertising and the total number is usually limited or



HELP WANTED AD ON WHEELS-LYNX, the Central Florida Regional Transportation Authority, took its search for a new executive director right to the source on Feb 4 The authority, which is conducting a national search to replace outgoing Executive Director Paul Skoutelas, painted one of its buses to read "LYNX wants another monumental leader." LYNX then parked the special bus outside the Lake Buena Vista Hilton, where APTA was hosting the annual General Managers Seminar Like its memorable pink buses in 1990, the "Help Wanted" bus was the brainchild of Jacob Stuart, chairman of the Search Committee and executive director of the Greater Orlando Chamber of Commerce

FIGURE 2 LYNX Mount Rushmore bus.



FIGURE 3 Fully wrapped bread bus.

capped to maintain that premier positioning. The painted buses have the ads literally painted on the outside surface of the bus and when the contract term expires, the bus is then repainted to the agency's colors. The wrapped bus is entirely covered by a full-color advertising design. Two different vinyl applications are applied to the bus, like a very big bumper sticker. One type of vinyl is applied on the bus and the other on the windows. A special transparent film is applied to the windows so people inside the bus can see out, even though the outside is printed.

The introduction of the transparent window application created renewed interest in whole-bus ads. Now people are getting used to seeing a bus-size loaf of bread or an airplane go rolling by on the city street (Figure 3). A 1995 survey of the 20 largest bus companies in the country, plus the Orlando system found: "Within the 20 largest bus properties, no agency has more than 20 painted buses at this time. Only LACMTA

(Los Angeles) has 20 painted buses"(3). The notable exception then, as now, is LYNX.

A recent conversation with the LYNX marketing director revealed that it currently has 70 painted buses. The whole fleet of 250 buses is available for sale, for trades, and for nonprofits. LYNX paints almost all of its buses unless an advertiser has a full wrap that it wants to use. LYNX has an artist under contract to do the painting and contracts the painting service out to other agencies and organizations. Figure 4 shows examples of LYNX painted buses.

Production costs for whole-bus wraps and painting vary. The advertiser bears the \$8,000 to \$10,000 wrapping, removal, and repainting cost in addition to the monthly ad fee. The fees vary depending on the city, the length of the contract, and the number of buses to be wrapped. Because of the high cost of installation, most contracts require a 3- to 6-month guarantee. The rate for a whole-bus wrap varies from \$1,500 per month, with a 6-month minimum guarantee in a small media market to \$6,500 per month for just one bus in a major media market.

ROLLING BILLBOARDS

Advertisements are printed on paper or vinyl. If the transit agency has frames on its buses, the ad is mounted on hardboard or corrugated plastic, which is lighter, and slipped into the frame. The industry trend is to apply the poster directly to the bus with an adhesive similar to a bumper sticker. The advantage of the old technique of using frames is that it can be done in any kind of weather. It doesn't matter if it's boiling hot, freezing, or pouring rain outside. The adhesive application process requires a dry, unbaked, unfrozen surface. If it's too hot, the adhesive melts; if it's too wet or cold, it won't adhere. Temperature extremes can cause cracking, peeling, or puckering.

The other advantage to having framed posters is flexibility. If a bus is taken out of service for major work, it may be off the streets for a week or more. A mounted poster can be removed and placed on another bus. Because most display contracts are for a month or multiple months, honoring the contract may become an issue. In most cases, mechanical problems with one or two buses can be accommodated with "overages" that are part of the contract or by placing extra ads on new buses. The issue becomes more acute if large numbers of buses have defects or need to be sidelined, or if there is a strike, in which case it doesn't matter how the ad is mounted.

The disadvantage of frames is that there may be a cost associated with buying, storing, and maintaining the frames. They can come loose, and if not properly maintained, can damage other property if parts of the frame extend beyond the bus. In bus garages and transit yards where buses are parked very tightly, loose frames can tangle or scratch other buses. Some maintenance workers express concern about bus washers and their effect on the frames or the effect of the frames on the washers. Based on conversations with marketing managers at several transit agencies, the fears about the washers are unfounded, but need to be addressed. Figures 5, 7, and 8 show framed posters on buses.



FIGURE 4 LYNX whole-bus ads.

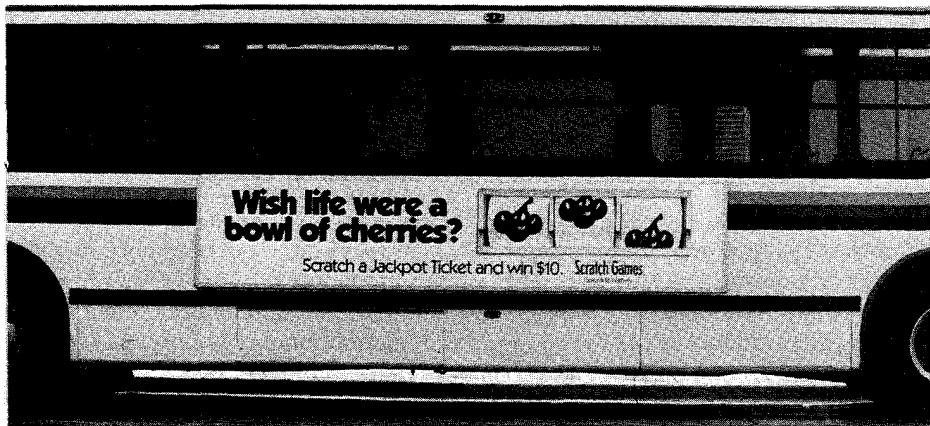
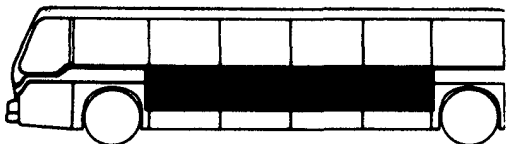


FIGURE 5 Framed bus poster, photo courtesy of RTD Denver.

SUPER KING-SIZE



KING-SIZE

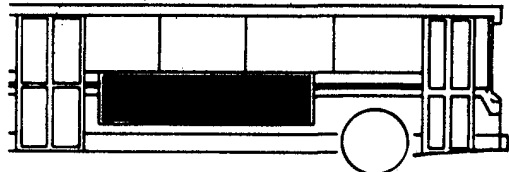


FIGURE 6 Placement of super king and king-sized posters.

Super King Size Poster

Next to whole bus, this is the largest transit poster available. It is displayed on the side of the bus and measures 2-1/2 ft (30 in.) high and 20 ft (240 in.) wide. One industry leader in the sale of outdoor advertising in the New York Metropolitan area claims that these posters reach an average of 90 percent plus of Manhattan's densely populated areas and nearly two million commuters and tourists. Figure 6 shows an example of a super king poster.

King Size Poster

This poster appears on both the curb and street sides of a bus and measures 30 in. high by 144 in. wide (Figure 6). Advertising sales materials tout this moving billboard as reaching not only 90 percent of the market, but claim that because of its location on the side of a bus, it provides "12 feet of full-color, eye-level impact"(1).

Queen Size Poster

The queen poster generally appears on the curb side of the bus and can be up to 30 in. high and 108 in. wide (Figure 7). It provides the same benefits as the king size, but is not quite as long.

Headlight and Taillight Posters

These posters appear on the front and rear exteriors of buses. Most headlights measure 21 in. high and 44 in. wide. Taillights measure 21 in. high and 72 in. wide. There are some variations depending on the make of bus. The major impact of this kind of poster is on motorists, car and taxi passengers, as well as pedestrians, according to the sales brochures distributed to advertisers. Figure 8 shows headlight and taillight positioning.

QUEEN-SIZE

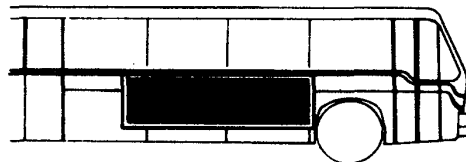


FIGURE 7 Placement and example of queen-size poster.

HEADLIGHT, TAILLIGHT, HIGHTAIL AND REAR DISPLAYS

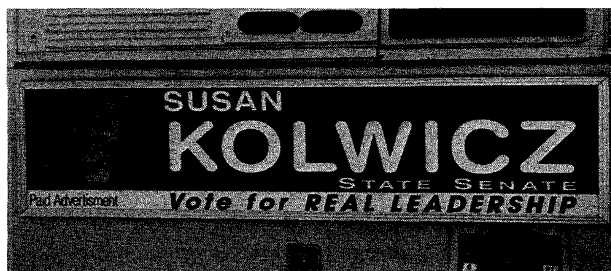
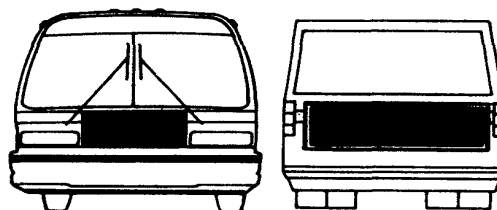


FIGURE 8 Placement of headlight and taillight posters, photo courtesy of RTD Denver.

In 1996, an article appeared in Open Air PM, reporting on the Arizona Iced Tea promotion appearing as a headlight display on all 3,400 New York MTA buses. The article calls the promotion an unprecedented marketing scheme and has the Arizona Beverages spokesman reporting sales results 50 percent greater than expected (7).



FIGURE 9 Examples of full back bus ads, reproduced with permission of DTI.

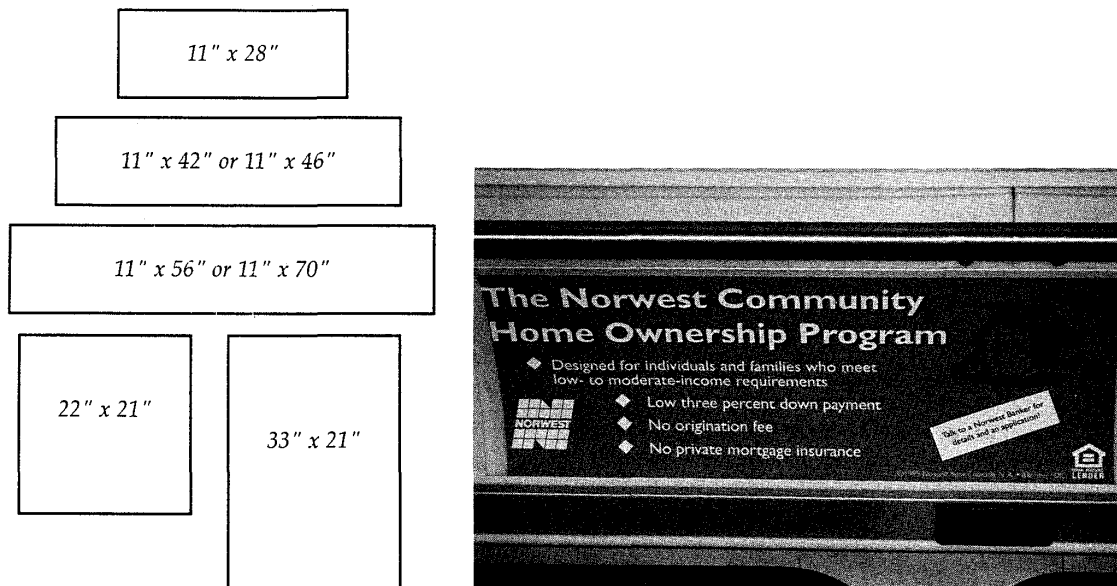
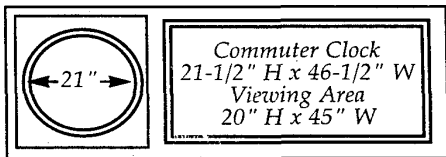


FIGURE 10 Size and placement of interior bus posters, photo courtesy of RT. Denver.



Overall Size 25" H x 74" W

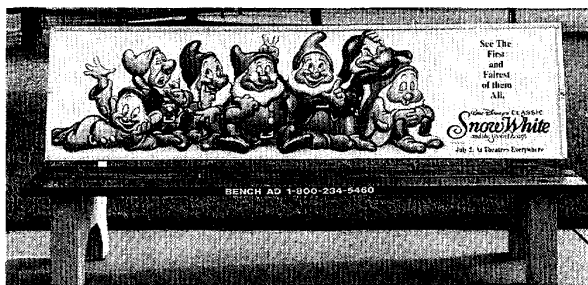


FIGURE 11 Bus bench ad and specifications for commuter clock with ad space.

Fullbacks

The fullback covers the entire rear surface of a bus (Figure 9). It makes a terrific impact on pedestrians and traffic behind the bus. One marketing manager warned that transit authorities need to be vigilant because until it was noticed, the new fullback ads had covered up the bus route, the number, and the authority's logo.

Interior Posters

Known as "car cards," these posters are mounted in frames and measure 11 in. high and 28, 42, or 56 in. wide. They also come in a 22- by 21-in. size for framed displays behind a bus operator or in bus and rail cars. The ad behind the bus operator is considered premium placement and commands a higher monthly fee. Figure 10 illustrates interior poster sizes. These posters are used to reach bus and rail transit riders. Since transit passengers are a captive audience, if they represent the demographics that an advertiser is looking for, this form of advertising can be attractive. Because of the longer "viewing time" available to riders, more copy is generally found on car cards than on other posters.

One of the problems that surfaced in discussions with marketing managers was the "disappearing car card blues." Some pilferage of popular ads featuring high-profile musicians or sports figures on them was understandable, but the mystery of the disappearing ads was finally solved by the marketing genius who went to the bus garage and saw the maintenance crew using the car cards as dust pans. An education campaign to inform transit authority workers that they were tossing money into their trash bags became a necessity.

Present this farecard and receive one FREE

MAX IT!

Choose one free additional side item with the purchase of any Boston Carver™ Combo or Individual Meal

Offer valid at any of the 6 Wash, DC Boston Market locations:

- Adams Morgan
1801 Columbia Rd, NW
- Chevy Chase
5600 Connecticut Ave., NW
- DuPont Circle
1635 Connecticut Ave., NW
- Georgetown
3131 M Street, NW
- Glover Park
2446-48 Wisconsin Ave., NW
- Van Ness
4455 Connecticut Ave, NW

Washington Metropolitan Area Transit Authority 600 5th St., N.W. Washington, D.C. 20001

Each passenger MUST have a farecard. Use the same farecard for BOTH entry and exit. A low farecard value may be increased at Farecard or Exitfare machines. Farecards may be returned or replaced but are not redeemable for cash. WMATA does not endorse products or services.

- Each passenger MUST have a farecard
- Use the same farecard for BOTH entry and exit
- A low farecard value may be increased at Farecard or Exitfare machines
- Farecards may be returned for replacement but are not redeemable for cash.
- WMATA does not endorse products or services

Microsoft Exchange Server DMS™

For Additional Information

www.microsoft.com/exchange/dms
800-551-7964

Washington Metropolitan Area Transit Authority
600 Fifth Street, N.W. Washington, D.C. 20001 202/962-1234

FIGURE 12 Fare card advertising, courtesy of WMATA.

Other Facilities

Rail transit stations offer additional opportunities for backlit posters and kiosks to be festooned with ads. Other facilities, such as bus terminals, shelters, trestles, billboards, and even clocks are being used to display ads and to generate revenue. Bus shelter advertising space is currently sold in 30 metropolitan markets in the United States (1). Bus bench advertising is a framed poster attached to the backrest of the bus bench (Figure 11).

In Portland, Oregon, Tri-Met sold its Ad Bench assets to its advertising contractor with a provision for the contractor to place benches and shelters at their expense and to share profits generated from the advertising.

TABLE 4
ADS ON EQUIPMENT

Buses	Percent	Rail Cars	Percent
Whole buses	58	Interior	60
Queens	58	Exterior	0
Tails	65		
Interior	73		
Kings	65		
Bus stop	4		

Source: 1997 Survey of Transit Agencies.
(Does not add to 100% because of multiple answers by responding agencies)

Printed Materials

Everything from transit farecards, tickets, and transfers to timetables and maps are being used to advertise products and make money. Figure 12 shows samples of WMATA farecard advertising.

WHO'S ADVERTISING ON WHAT?

The synthesis survey results show that 58 percent of the agencies with buses use whole-bus advertising and have

queen-size posters on their sides, while 73 percent have car cards on the interior of their buses. Only four percent have any advertising at their bus stops, while 19 percent have a bus shelter advertising program. See Table 4. Survey respondents also included other effective ad space options: headlight displays on buses, destination signs, and wind screens at rail stations (Figure 13).

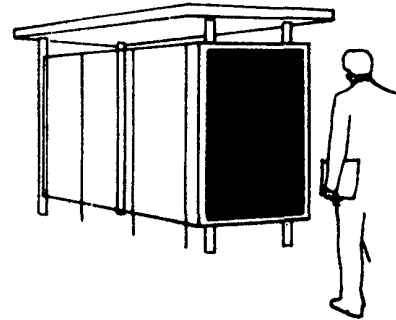


FIGURE 13 Ad panels on bus shelter.

Of the rail transit systems surveyed, 60 percent have ads on the inside of their rail cars, none have them on the outside, and

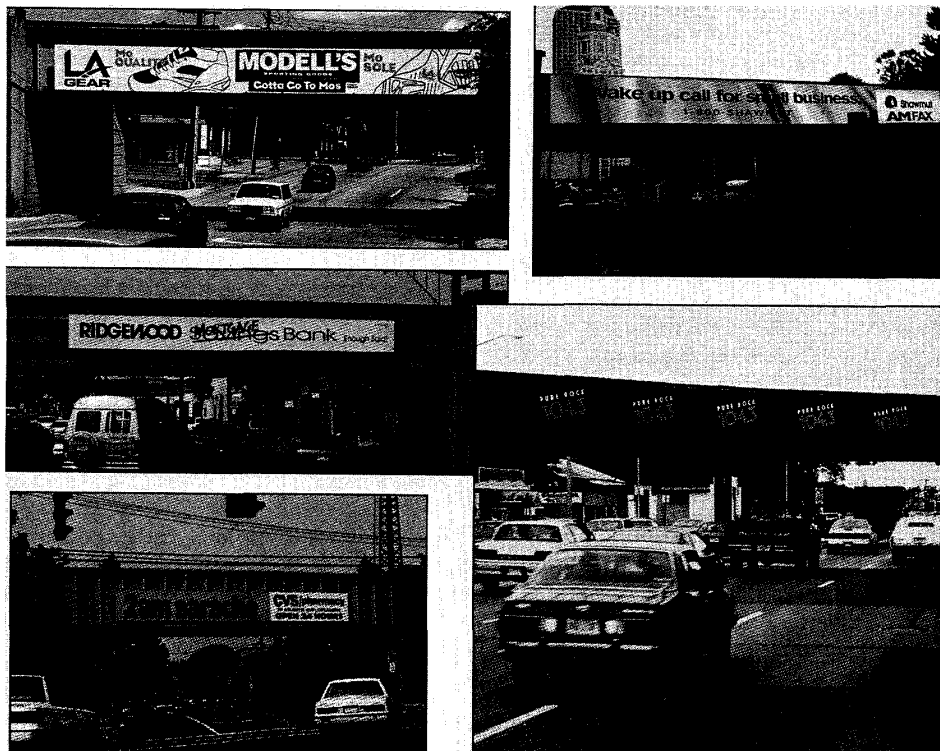


FIGURE 14 Ad placement on trestles, reproduced with permission of TDI.

TABLE 5
ADS ON FACILITIES

Rail Stations	Percent	Facilities	Percent
Dioramas	20	Shelters	19
Digital displays	0	Trestles	7
Stair treads	0	Kiosks	4
Posters	60	Billboards	11
Kiosks	20		

Source: 1997 Survey of Transit Agencies
(Does not add to 100% because of multiple answers by responding agencies.)

TABLE 6
ADS ON PRINTED MATERIALS

Printed Materials	Percent
Fare cards	7
Tickets	7
Transfers	7
Timetables	11

Source: 1997 Survey of Transit Agencies

20 percent have dioramas in their stations. See Table 5. One transit system in New Jersey places ads on their trestles (Figure 14). Not many transit agencies offer ads on their printed materials (Table 6). Eleven percent of the respondents sell ads on their timetables. Some agencies put ads on their maps and schedules. The Metro system in Washington sells ads on the back of its fare cards; and Denver's RTD describes its bus schedule advertising program in a brochure offering three different ad sizes, includes a rate schedule based on the distribution that the schedule gets and offers discounts for quantities (Figure 15).

The surveyed agencies that allow advertising reported a range of revenue from \$1,000 to \$17 million. Fifty percent reported revenues in the \$1,000,000 to \$10,000,000 range. Only New York's system was above \$10,000,000. See Table 7. The advertising contracts vary, but most call for a minimum annual guarantee that increases every year of the contract with a revenue sharing clause. The survey responses indicated

that transit agencies were realizing revenue sharing in the 50 to 60 percent range.



FIGURE 15 RTD brochure promoting ad space on timetables.

TABLE 7
ADVERTISING REVENUE

Total Dollars	Percent
1 to < 100,000	14
100,000 to < 1,000,000	27
1,000,000 to < 10,000,000	50
10,000,000 +	9

Source: 1997 Survey of Transit Agencies

CHAPTER THREE

ADVERTISING PROGRAM ISSUES

POLICY GUIDELINES

Every transit agency that advertises has guidelines dealing with "objectionable" material. The problem comes in defining what might fall into that category. Seventy percent of the respondents indicated that they had formal, written guidelines addressing ad content. The restrictions differ throughout the transit industry, but generally include some variation of the following prohibited content:

- illegal, indecent, or immoral ads;
 - political, alcohol, or tobacco ads;
 - libelous, obscene, or profane ads;
 - ads that ridicule individuals or groups of people;
 - advocacy of or opposition to a religion, denomination, tenet, or belief;
 - violent, criminal, or anti-social behavior;
 - false, misleading, or deceptive ads;
 - adult materials and services;
 - explicit sexual material;
 - pornography or businesses that traffic in pornography;
- and
- advertising that appears as graffiti, gang signs, or symbols.

Almost every agency reserved the right to deny ads, some reserved the right to approve "controversial" ads, and most agencies reserved the right to remove "objectionable" advertisements. In practice, whenever an ad is considered that may violate one of the strictures, the contractor generally brings it to the attention of the transit agency for final approval. "Adherence to community standards" was another criteria cited by a transit agency. Another transit agency reported it will not advertise any product that cannot be used by a minor.

Interestingly enough, the removal, when ordered after the fact by a transit agency, is usually written into the contract as being done at the expense of the contractor. In at least one contract, if an objectionable ad is not removed quickly enough, the transit agency will do it and charge back the expense to the contractor.

One transit agency that allows political ads, requires that the ad be marked as a "paid political advertisement" in specific size type, one-half in. high for interior and one in. high for exterior posters. Figure 8 shows a political taillight ad.

There are no problems with these restrictions until they are challenged. Almost three-fourths of the responding agencies have never been sued over a controversial ad. However, groups that have been denied the right to place ads on the transit system, or had ads removed after the fact, and have the financial wherewithal, have sued.

The issues forcing lawsuits include:

- Abortion,
- AIDS,
- Gay rights,
- Political advertising, and
- Religious advertising.

Death penalty opponents recently made it to the pages of the Washington Post calling an ad "gruesome, nauseating, obscene, in poor taste and a serious public relations blunder." The ad featured a picture of an electric chair and was encouraging attendance at the newly opened Newseum in Rosslyn, Virginia. The bold type reads: "Think A Museum About News Is A Bore? You're In For A Big Shock" (Figure 16). The story says that Metro received no complaints about the ad and considered the right to use the ad a free speech issue (8).

Another story about an AIDS advertisement displayed by the MBTA in Boston was cited in an unpublished report:

A precedent was recently established when the First Circuit Court of Appeals ruled that the transit authority in Boston, MBTA, must run ads placed by a local AIDS Action Committee. The ads promote condom use and safe sex and the MBTA had refused to run them; however, the federal appeals court ruled that the MBTA policy unfairly discriminated against the AIDS Action Committee (3).

According to an article in Urban Transport News, the court ruling condemned MBTA's policy as "almost impossible to understand" and too vague in its reference to excluding messages that pertained to sexual conduct (9). MBTA is revising its advertising policy.

First Amendment rights of free speech may be invoked by both advertisers and activists when a transit authority denies ad placement, but transit agencies are countering such claims. Another landmark case is going through the federal court appeals process in Pennsylvania. Ad space had been purchased by Christ Bride Ministries (CBM) linking abortion with breast cancer. A furor arose after the posters went up and the transit authority removed the ads on the grounds that the transit system is not an appropriate place to air volatile medical claims. CBM sued both SEPTA, the transit authority in Philadelphia and TDI, SEPTA's advertising contractor, in federal district court in May 1996. According to discussions with SEPTA's assistant general manager for marketing, the lower court ruled that SEPTA was "viewpoint neutral" and did not single out CBM and that SEPTA could control the use of its property. The findings of the appeals court will have an impact on transit agencies across the country.

When asked if they had ever been forced to cancel an ad, 77 percent of the survey respondents answered no.

Those who answered yes, identified the following issues forcing cancellations:

Think A Museum About News Is A Bore? You're In For A Big Shock.

Come explore the fascinating and sometimes electrifying exhibits at the Newseum — the new interactive museum of news. Relive great moments in news; see news as it happens; watch television and radio shows being produced; be a news anchor, radio announcer and more. Visit the Newseum soon — where fun is a matter of fact.

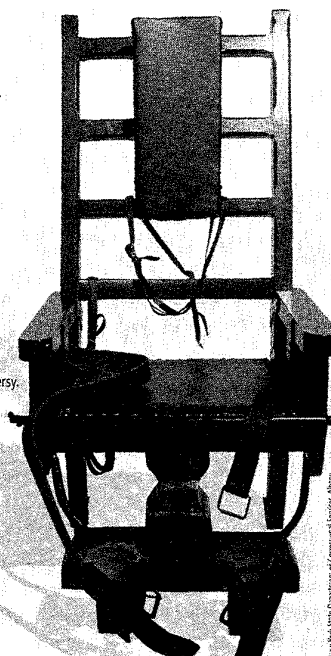
Two blocks from Rosslyn Metro.

NEWSEUM

WHERE FUN IS A MATTER OF FACT

1101 Wilson Blvd., Arlington, VA • 703/284-3544 • Toll free 888/NEWSEUM

See the electric chair that sparked an early tabloid news controversy.



See the electric chair that sparked an early tabloid news controversy.

FIGURE 16 WMATA received no complaints about this controversial ad in Washington.

- An ad promoting a legal service for people hurt by a bus;
 - A customer complaint on ad content;
 - A poster of gay men;
 - A computer company's "Don't Ride This Bus" message;
- and
- Semi-nude or suggestive content.

Many controversial ads are handled quietly by the contractor and the advertiser. Substitute ads or modifications to text and photos resolve many problems.

As this report was going to press, a transit ad controversy erupted in New York City. A Federal judge rejected Mayor Rudolph W. Giuliani's effort to remove satirical bus ads from Metropolitan Transportation Authority (MTA) buses. The New York Magazine ad that was removed by MTA reads: "Possibly the only good thing in New York Rudy hasn't taken credit for." The first amendment issue has the Mayor arguing that his right to privacy and the right to protect his name from commercial exploitation had been violated by the ads. City lawyers are appealing the judge's ruling (10).

ALCOHOL AND TOBACCO ADVERTISING

Alcohol and tobacco ads are limited by almost three-fourths of the responding agencies. However, if a landmark tobacco settlement announced in June of 1997 is approved by Congress, there will be drastic changes in tobacco marketing. The restrictions on advertising tobacco products "would be the most severe ever imposed on legal American products" according to an Advertising Age article (11). All outdoor ads for

tobacco will be banned under the terms of the agreement. Joe Camel has already been voluntarily retired, but under the terms of the agreement, the use of people, human images, and cartoon characters would also be banned.

In a report prepared for Congress in 1992 on alcohol, tobacco, and public service advertising policy, the FTA concluded that the majority of transit systems have "some type of policy with regard to limiting alcohol and tobacco advertising. For example, transit advertising for alcohol and tobacco is either prohibited or limited to an established percentage on some systems"(4).

In the study cited above, the FTA was asked to find out how significant the revenue stream from tobacco and alcohol advertising was for transit agencies. FTA had little success getting this information from the contract display advertising vendors, so they went to 44 transit agencies in areas with populations over one million and got 43 responses.

FTA reports that, in 1991, advertising revenues for the 43 transit systems were more than \$72 million. Total revenue for these same 43 transit operators amounted to more than \$12 billion. Given those totals, advertising dollars from tobacco and alcohol advertising comes to about 0.6 percent.

How important are tobacco and alcohol advertising revenues to transit authorities? This question may be moot by the time this synthesis is published if Congress acts on the settlement agreed to by the tobacco industry and the state's attorneys general. At one time, however, they were significant. According to the 1991 FTA study, tobacco products were advertised by 31 transit operators, representing 16.8 percent or \$10.7 million of their total advertising revenues. Alcoholic beverages represented 5.7 percent or \$3.3 million in

advertising revenues for the 27 transit agencies that advertised these products (4).

The FTA report cites the Port Authority of Allegheny County (PAT Transit) in Pittsburgh for having the highest percentage of advertising revenue from tobacco in 1991 at 46 percent (\$349.6 thousand). On the other hand, although it was only 28 percent, the New York MAT had the highest dollar amount of advertising revenue attributable to tobacco (\$5.5 million) in 1991. That same year, MTA reported that seven percent of their revenues came from ads promoting alcoholic beverages (\$1.38 million) (4). MTA is responsible not only for the New York City bus and subway system, but for the Long Island Railroad and Metra-North as well as a Long Island bus company. The MTA announced its decision to ban tobacco ads on its buses and other properties in 1992. PAT still does not limit tobacco or alcohol ads according to our survey and, in 1996, they report total advertising revenue of \$1.1 million.

How important are tobacco sales for the agencies that contract advertising with transit properties? According to a Harvard Business School case study on Transportation Displays Incorporated, one of the largest contractors in the transit advertising business, tobacco products accounted for more than one-quarter of their business in 1991. That number was reduced to about 10 percent in 1993, and was three percent in 1996, according to information obtained from a TDI executive in a recent conversation.

The following is excerpted from the Harvard Business School case study:

The company's (TDI) outlook for 1992 was uncertain. (William) Apfelbaum (TDI's CEO) expected to see a continuing trend of declining tobacco advertising revenues beginning in 1992. It was rumored that many transit authorities around the country were considering banning tobacco advertising altogether... By targeting non-traditional advertisers in the out-of-home market segment, Apfelbaum's sales team had managed to replace lost tobacco revenue (12).

Of the 43 transit authorities responding to FTA's inquiry in 1991, 16 prohibited alcohol ads and 12 systems prohibited tobacco ads. Twenty-seven transit systems advertised alcoholic beverages and received \$3.3 million in revenue, equaling 5.7 percent of their total ad dollars. Thirty-one transit operators allowed tobacco ads to be placed, receiving \$10.7 million or 16.8 percent of their total ad revenues (12).

The Milwaukee County Transit System advertising policies and standards are included as Appendix E. They limit tobacco advertising on the outside of the bus to 10 to 20 percent and ban it inside the bus altogether.

PUBLIC SERVICE ADVERTISING

Numbers are hard to come by when trying to determine how much public service space is made available to nonprofit agencies by transit agencies. The respondents to this survey indicated that 59 percent have public service announcements and the amount of space ranges from whatever is available to 50 percent of the unsold space.

The FTA report states:

Space provided for public service advertising for most transit systems is determined by unsold space for a given period and may vary depending on the season of the year in certain markets. Transit display advertising vendors reported that display space provided for non-commercial, public service ads ranged from 5%-35% on some systems during calendar year 1991 (4).

However, some transit agencies, such as the Montgomery County, Maryland Ride-On system or Dayton, Ohio's Miami Valley Regional Transit Authority, advertise only public service announcements.

New York City's Transit Authority has been creative in filling their unsold advertising space. They have used the opportunity to provide information to riders of the many neighborhoods and destinations that can be reached by transit. Their "Arts for Transit" poster program commissions four original posters each year to highlight a New York neighborhood. One winning poster featured the weekly open-air markets at Union Square in Manhattan with information on which subways and buses could get you there.

Washington's Metro system encourages school-age children to create posters on a variety of themes including safety. They hold an awards ceremony for the winners and then display the winning posters in an "exhibition" in Metro Center. Some of the winning posters are then reproduced and used as car cards in the buses and trains of the system. One winning poster featured the picture of a child on an escalator with the words: "Toes are neat, so lift your feet!" (Figure 17).

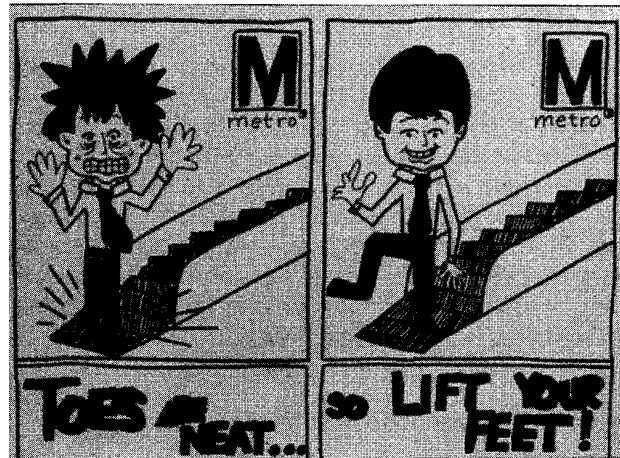


FIGURE 17 Award-winning safety poster displayed in WMATA's Metro Center.

In 1992, the London Underground featured "Poems on the Underground" inspiring New York to launch its "Poetry in Motion" program. The car cards are graphic works of art featuring classic poets, T.S. Eliot and Carl Sandburg, for

POETRY IN MOTION

EUGENIO MONTALE
[1896-1981]

*Translated from the Italian
by Jonathan Galassi*

Not incorrectly
they had advised me
to use the long spoon
if I went to dine with the devil.

Unfortunately
on those rare occasions
the only one available
was short.

P R E C A U T I O N S

SPONSORED BY
Barnes & Noble
BOOKSTORES Since 1873

Eugenio Montale. "Precautions." In: *Il Desiderio*. Translated by J. Galassi. Translation copyright © 1987 by Jonathan Galassi. Reprinted by permission of Random House, Inc.

For NYC Transit on the Internet: <http://www.mta.nyc.ny.us>

MTA New York City Transit
in cooperation with the Poetry Society of America

POETRY IN MOTION

**Night from a railroad car window
Is a great, dark, soft thing
Broken across with slashes of light.**

Carl Sandburg
1896-1967

© 1967 Carl Sandburg. "Night from a Railroad Car Window." Copyright © 1967 by Carl Sandburg. Reprinted with the permission of the Poetry Society of America.

W I N D O W

SPONSORED BY
Barnes & Noble
BOOKSTORES Since 1873

For NYC Transit on the Internet: <http://www.mta.nyc.ny.us>

MTA New York City Transit
in cooperation with the Poetry Society of America

FIGURE 18 Advertising partnership puts poetry in motion.

example, as well as subway and bus riders (Figure 18). The public/private partnership that makes this program possible is a sponsorship by Barnes and Noble Bookstores. This appears to be a perfect match and the kind of win-win relationship that creates goodwill for the transit system and the business community. San Francisco's BART system also has a poetry program, as do many other transit agencies.

Philadelphia's SEPTA system even uses their whole-bus program for public service ads such as the "The Spirit of the Presidential Summit," which patriotically featured a bus in red, white, and blue with memorable summit images (Figure 19). Their special "culture rate" applies to the Philadelphia Museum of Art's Cézanne exhibit whole-bus ad.

SELF-PROMOTION

One clear advantage of having some unsold space is the ability to trade or barter it for print space and broadcast time,

or other goods and services. This is another one of those areas difficult to quantify. Further research into this aspect of advertising value is warranted. Eighty-two percent of the respondents to the survey said they reserve space for their own service related promotions. They report using anywhere from available and unsold space to 20 percent for this purpose.

As for painted buses, LYNX reported in the synthesis questionnaire that they do trade and barter agreements for products and services on a "dollar for dollar value." When contacted for further clarification, LYNX reported that about 70 of their 250 buses were full cash contracts and the rest of the fleet is painted for trades with media, bartering with other companies and for nonprofit agencies and public service space.

Transit authorities need to fully understand the value of the agencies' equipment and facilities. With its unsold space, transit can barter joint promotions. For example, when the circus comes to a certain transit city, all print and broadcast ads for the circus carry a line encouraging people to take the local transit system to the circus in exchange for ad space on the buses and rail cars. Similarly, fast-food restaurants can accept

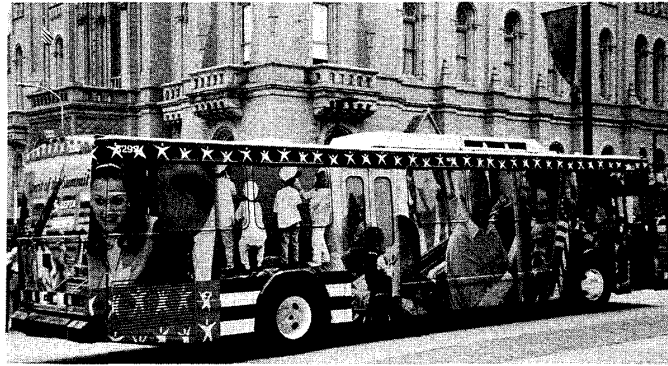


FIGURE 19 SEPTA's "Spirit of the Summit" and Cézanne exhibit whole-wrapped buses.

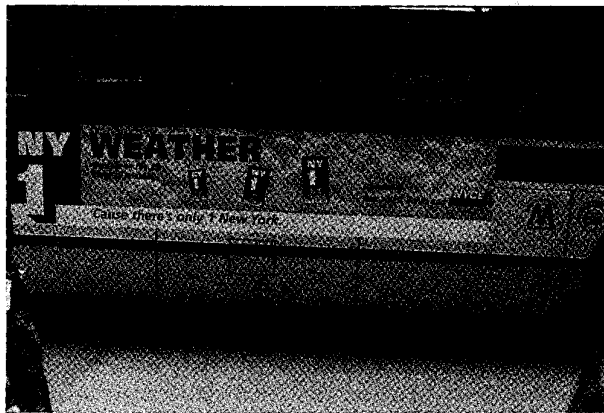


FIGURE 20 Media ads.



transit fare cards for a discount on food for ad placement. What is needed is a clear understanding of the value of the transit ads and the bartered service.

A transit agency strapped for cash for its own marketing program can increase its exposure in the print and broadcast arena if it realizes its assets. Advertising on television, radio, and newspapers can be swapped for rolling billboards featuring local news personalities or drive-time disc jockeys. See Figure 20 for media ads. In addition, television stations can

give additional value to its own advertisers by trading space on the transit vehicle for air time.

An article in *Mediaweek* in September 1996 has a headline that reads: "TV Loves The Great Outdoors." The article reports that all six networks now use out-of-home ads to promote their shows. "The broadcast networks total spending on outdoor advertisement nearly tripled in the past five years, from \$8.4 million in 1991 to \$21.8 million in 1995" (13).

CHAPTER FOUR

ADVERTISING CONTRACTS: "SHOW ME THE MONEY"**IN-HOUSE OR OUT?**

Seventy-four percent of the transit agencies surveyed for this study contract advertising through an outside agency. They have full-service, long-term contracts with companies specializing in transit advertising. Clearly, most transit authorities see a benefit to receiving either a guaranteed minimum or anywhere from 50 to 60 percent of ad sale revenue, whichever is greater, without having to get into another line of work.

A transit planning manager from a small Northwest transit agency, not included in the survey, when asked to rate his advertising program on a scale of 1 to 10, answered unhesitatingly "10!" When asked why, he responded that with an annual operating budget of \$45 million, getting a \$1 million check each year for allowing advertising on his system was a "no-brainer." Not all agencies make such a high percentage of operating revenue from advertising. The synthesis survey found a range of 0.11 to 5.98 percent, with most transit agencies in the 0.50 range.

Of the agencies surveyed for this synthesis, six handle advertising in-house. See the list of "in-house sales" systems identified in Table 1. They are the exceptions. In American agencies, the marketing department does the work with one to three people. LYNX in Orlando stands out as an example of aggressive salesmanship, resulting in a reported \$2.5 to \$3 million annual revenue stream with 250 buses and two commissioned sales people. Commissions vary from 10 percent for buses to 15 percent for bus shelter advertising. Certainly, being in a tourist center with DisneyWorld, Seaworld, and Universal Studios in your backyard boosts sales and Orlando has a population generally more predisposed to marketing innovations.

Another transit agency that handles their advertising program in-house is the Central Ohio Transit Authority (COTA). It has 306 buses and an annual ad revenue of \$760,000. With a one-person marketing staff, paid a 5.5 percent commission, COTA sells whole bus, king and queen size ads, as well as tails and interior car cards.

The Kowloon Bus Company in Hong Kong, with 3,600 buses, 600 with full bus advertising, has their own advertising department with a staff of six generating more than \$6.2 million in revenue. Sales staff receive a 17.5 percent commission, the highest indicated in the survey. The Kowloon Canton Railway Corporation reports that it has a 3-year advertising contract with TDI that calls for 62 percent of gross annual revenue, excluding the minimum annual guarantee.

CONTRACT ISSUES

Almost as many advertising companies were named as there were transit agencies responding to the question: "What

firm do you contract with?" Five of the surveyed agencies used Transportation Displays, Inc. (TDI), followed by Outdoor Systems, Inc. with three agencies. Eller Media had two and the rest of the firms served only one of the agencies surveyed. Appendix C is a complete list of the advertising companies used by responding agencies.

A minimum guarantee is written into 94 percent of the contracts. There is an escalating scale for the life of the contract reported by 88 percent of the respondents. The contract term ranges from a low of 2 years to a high of 15 years. About half of the respondents have 5-year contracts. Only 14 percent are fixed fee contracts. More than 80 percent of the respondents have contracts that call for a percentage of the annual net billings and most of these are in the 50 to 60 percent range.

Contract compliance is not uniform. Although 94 percent of the respondents said they do monitor for contract compliance and 88 percent said they perform audits, those audits are conducted anywhere from "very rarely" and "as determined to be necessary" to monthly. Different offices in different agencies administer the contract; 75 percent of the agencies have their marketing offices administer the contract with assistance from the procurement, real estate, finance, and accounting departments.

A copy of WMATA's advertising contract Request For Proposal (RFP) is in Appendix F. It is instructive by its length and inclusiveness and deals with everything from ad guidelines to ownership of the advertising hardware, as well as when and where the graphics will be placed and taken off.

Agencies that are considering a transit advertising RFP may want to look at the WMATA proposal document and in addition consider some of the following criteria:

- Transit advertising experience by the proposing agency--how many years in the business and annual billings;
- A national sales organization and a local sales office in the proposal city area;
- Demonstrated financial capacity to provide services and meet contract obligations--is there an irrevocable letter of credit for an amount equal to the first year's annual fee;
- Any lawsuits, claims, liens, or judgments pending.

TO ADVERTISE OR NOT TO ADVERTISE, THAT IS THE QUESTION

With all due respect to William Shakespeare, transit agencies deciding whether to begin an advertising program must weigh several factors. Potential revenue stream is certainly a major factor. A realistic appraisal of time and resources to manage the program properly is a second. Internal resistance and obstacles to the advertising program also need to be

TABLE 8
 POTENTIAL GROSS VALUE: BUS VEHICLE ADVERTISING⁽¹⁾ 500 Bus Agency⁽²⁾
 ORDER OF MAGNITUDE ESTIMATE*

Asset Category	Total per Month	Annual per Unit	Annual Ad Revenue (\$)
Interior bus ads ⁽³⁾ 500 buses	30 ads/bus \$15/ad	One bus \$5,400	2,700,000 fully sold 1,350,000 half sold 675,000 25% sold
Exterior ads-1,000 ⁽⁴⁾ Kings and Queens	2 ads/bus \$200/ad	One bus \$4,800	2,400,000 fully sold 1,200,000 half sold
Painted buses 10 buses	1 bus \$2,500 bus	\$30,000	300,000 fully sold 150,000 half sold
Tail light displays 500	\$175/bus	\$2,100	1,050,000 fully sold 525,000 half sold
Total Potential Gross Revenue			6,450,000 fully sold 3,225,000 half sold
With 25% of the interior car cards sold			2,550,00

Notes:

⁽¹⁾ Most contracts call for a 15% commission of the rate card price for the advertising agency. This must be taken into account when calculating potential ad revenue

⁽²⁾ Cities with approximately 500 buses in service include: Miami (MDTA); Portland (Tri-Met); and Denver (RTD).

⁽³⁾ Interior bus ads range from \$10 to \$30 per unit per month depending on such variables as city location, bus route, number of riders, number of ads, and amount of time ad is displayed. Rarely are 50% of available ads sold in any given month.

⁽⁴⁾ Queens, Kings and Super Kings range from \$150 to \$250 per unit per month with all the same variables listed above Exterior ads are easier to sell than interior ads

*Passenger shelter advertising is not included in this chart because most shelter programs produce revenue for the cities, not transit agencies.

considered, such as loss of flexibility in assigning buses to specific routes. Any legal impediments, such as local ordinances, should be explored. Maintaining the image of the transit system should also be considered.

The transit agency needs to think creatively about self-promotion and the use of transit vehicles for stimulating interest in the transit system, its customers, and its employees. For example, Houston's METRO (a system that does not allow advertising) did paint the picture of METRO's APTA Bus Roadeo winner on a bus. The Miami Valley Regional Transit Authority in Dayton, Ohio and many other transit agencies also honor bus and maintenance employees in this very public way. NJ Transit puts the bus roadeo winner's name on a bus and only the winner gets to drive that bus the whole year. SEPTA commissioned a "Spirit of the Summit" wrapped bus (Figure 19). It featured a photomontage of the Presidential Volunteer Summit for America and stimulated pictures and articles in the local and trade media.

Once a decision is made not to advertise, the discussion usually is tabled until a review of possible revenue sources comes before an agency and its board of directors once again. If the decision is made to explore the options regarding an in-house advertising program versus contracting out that function, a cost-benefit analysis is necessary. Because there are so many variables, it is difficult to look at the six transit authorities that do in-house contracting and compare them definitively to a similarly sized system that is contracting out. Orlando, Florida is not like Columbus, Ohio; San Carlos, California; or Honolulu, Hawaii. This may be a subject for future study.

A cursory examination of the issue shows that using an outside contractor offers several obvious advantages, in addition to not needing to hire sales personnel.

Outside Contractor

- Provides a minimum guaranteed revenue;
- Provides a share of annual net revenue;
- Attracts national advertisers with multi-city campaign strategies;
- Provides experienced and knowledgeable advertising sales personnel;
- Obtains and pays all necessary permits, licenses and taxes; and
- Carries and pays for all insurance required by federal, state, and local regulations to sell and run advertising.

In-House Contractor

- Provides a larger share of ad revenues;
- Offers greater opportunities for trade and barter with local firms and media outlets;
- Offers greater control over the program; and
- Enables closer oversight to ensure program effectiveness and efficiencies.

To truly understand the efficacy of an in-house program versus contracting out, further analysis would require a cost-benefit analysis including the fixed and variable cost structure of each agency. Also needed would be the advertising rates of each program, a route analysis, the demographics of each location, and any other information to identify determining factors more conclusively.

PROGRAM COSTS AND REVENUES

In assessing whether to engage in an advertising program, a transit authority may wish to create an "Order of Magnitude Estimate" of potential net revenue based on

their asset inventory. With the clear understanding that each transit authority needs to determine what assets it has and what that might be worth in the local market, Table 8 lays out how such a chart might be created using a fictional bus company with 500 buses.

CHAPTER FIVE

NEW SOURCES AND STRUCTURES

TECHNOLOGY IN TRANSIT INFORMATION

Not-so-new technologies, such as television, light emitting diode (LED) message boards, and touch-screen kiosks, are being used to provide both information and advertisements to passengers in transportation facilities across the country and around the world. Even the clocks in transportation terminals now give people not only the time of day, but a quick sell as well. Automated in-vehicle announcer displays offer future opportunities for both information and commercial messages.

Transit Cooperative Research Program (TCRP) Synthesis 17, Customer Information at Bus Stops, indicates that electronic message sign technology has advanced dramatically, providing passengers more visible and legible signs without the need for a lot of labor-intensive support. The initial cost to buy the signs is still the largest drawback. TCRP Projects B10, Role of Passenger Amenities and Transit Vehicle Characteristics in Building Ridership and A-12, Passenger Information Services are in progress and may provide additional insight on signage, its value, and possibly techniques for paying for these amenities through "partnering" or advertising.

High-tech has arrived for some transit systems and it takes many forms, from on-board computers and locators to the previously mentioned automated in-vehicle announcement systems. A whole range of new technologies is being tested and deployed to enhance mobility, increase safety, improve the environment, introduce efficiencies, and save time and money for transit riders under the heading of Intelligent Transportation Systems (ITS).

Automatic Vehicle Location (AVL) technology, often using data from Global Positioning System (GPS) satellites, is designed to help transit vehicles operate more functionally and to give better service to transit riders. For example, when buses bunch up because of a traffic jam, the central dispatcher can reroute the bus around an accident scene or other blockage and coordinate traffic signals to get buses back on schedule. A number of demonstration projects of this technology are underway around the country.

During the 1996 Summer Olympics in Atlanta, an Advanced Traffic Management System was introduced to help people move around the city efficiently. Exactly how these systems will be paid for beyond the demonstration phases and existing public/private partnerships raises a potential for advertising on the information systems to help defray the costs, but people are watching both the developing technologies and their possible commercial applications with interest.

Transit Discovers The Internet

Almost 80 percent of the responding transit agencies have a web site, but none sells advertising on its site--yet.

However, earlier this year, Chicago's Metra, the third largest rail commuter operator in the country, initiated a pilot program that lets customers buy tickets electronically through the system's home page on the Internet. This "Ticket-by-Internet" program enables passengers to order tickets using personal identification numbers issued by Metra. The tickets are mailed to the buyer and the cost is deducted automatically from the buyer's checking account.

A private-public partnership in the Puget Sound Region has created a World Wide Web site to provide up-to-the-minute freeway, transit, ferry, and biking information. A network of electronic kiosks with information on how to make connections between all the different modes is being expanded to Boeing work sites and ferry terminals.

Another private-public partnership using ITS technology designed to ease traffic jams and provide timely route-specific information to highway and transit users has been successfully tested in the Greater Boston area. It began service in Philadelphia and Washington, D.C. in 1997, and there are plans to expand to other cities. The information about transit, traffic, and commuter rail operations is available by phone, website, and cell phone and will be expanded to cable access, kiosks, interactive television, a paging service that will alert the traveler to changing conditions on their route of choice, and in-vehicle navigation devices. Are there revenue-generating opportunities beyond increasing ridership and making transit more convenient for riders? That is still unclear, but a new spirit of entre-preneurship is entering the transit arena.

TECHNOLOGY BRINGS NEW ADVERTISING POSSIBILITIES

When it comes to advertising revenues, transit agencies seem to be availing themselves of every opportunity to carry ads. Since 1970, more than 40 types of out-of-home media have come into the market, from painted walls to shopping mall displays. Bus bench, bus shelter, transit poster, commuter rail and subway station advertising have mushroomed. More than 37,000 of the 67,000 buses in the American bus inventory carry ads (1).

New graphics technology, such as computer-printed posters, has made the revolution in out-of-home displays possible. Now, high-quality art can be applied to vinyl surfaces and can be easily and cost-effectively installed. None of the American subway systems surveyed allowed whole train advertising, but that may change. A story in Advertising Age on June 20, 1995 reported the first subway train in the United Kingdom to be fully wrapped carrying United Airlines advertising in the London Underground. Every coach of the train carried the 350-foot-long United Airline message and logo on the Piccalilli



FIGURE 21 United Airlines wrapped train, photo courtesy of TDI.

Line between central London and Heathrow Airport (Figure 21). Dublin, Ireland experienced a first when a fully wrapped commuter train touted Guinness in October 1996. Is it advertising taken to its logical conclusion or good taste run amok? North America is in the throes of finding an answer to that question.

A good discussion of the image issue is found in an unpublished report available from the Eno Transportation Foundation in Washington. This report discusses the "Commercialization of Transit--Public Private Partnerships to Raise Revenue" and states that Canadian transit systems are increasing the amount of advertising space on buses, rail vehicles, and stations. GO Transit in Toronto has wrapped some of their bi-level commuter rail cars, "creating some of the largest rolling billboards in existence. GO Transit raises \$10,000 per car per month, with a 3-month minimum, for the commuter rail car wraps"(5).

Montreal's Metro system, STCUM, is also aggressively expanding its advertising revenue budget with bus wraps, bus and train ad panels, and subway station advertising. Two ad campaigns using entire trains promoted milk and Levi's jeans. In each case, the subway trains were wrapped, generating more than \$1.5 million per year for STCUM.

A recent trip to Japan revealed extensive advertising in the train stations and subways of many major cities. Kyoto's modern, new station had advertising on platforms as well as throughout the station. The Kyoto subway cars not only had advertising in all the traditional places, but also had paper ads hanging the width and length of the car suspended from the ceiling of the rail car (Figure 22).

The idea of commercializing an entire subway station and letting a company "buy" the station is getting serious consideration. A demographic profile of the 700,000 daily riders in STCUM's 65 stations has been developed with the concept of finding a commercial partner for each of the stations. The largest stations have more than one million monthly users, certainly an appealing idea for corporations that want to get their message to a targeted public.

ADVERTISING EFFICACY

An interesting case study of Whiteley's, a shopping and entertainment complex in West London, speaks to the power of in-station advertising. Whiteley's had a decline in visitor numbers, causing some of the tenants to review their leases. Whiteley's used its limited advertising budget for large ads in the London Underground and on car cards in the trains. The impact of the ads was immediate, with visitor numbers rising in the first month of the campaign and increasing by 250,000 in a year. The stores experienced revenue increases that were tracked during the campaign and the ad's creators won a "Gold Award for Most Effective Use of Posters as the Main Medium"(14).

Another station on the Bakerloo Line in London at the Oxford Circus Station helped the Discovery Channel promote its "Shark Week" by painting a shark's jaws, around the perimeter of the tunnel entrance (Figure 23). The show's high ratings reflected the interest generated by the advertisement.

How far to go with the commercialization of stations is still under discussion in Canada and a consensus has not been reached about the ultimate impact on the Montreal Metro's image. There are those who believe that doubling or even tripling the advertising revenue would not be worth degrading the image of the transit system. Focus groups are being conducted to test what people consider acceptable.

Foreign countries appear to differ in their degree of tolerance for advertising in public places and on public spaces. A recent trip to Toronto, Canada revealed a school bus advertising program featuring ads for milk, cookies, and other snacks on the side of a yellow school bus (Figure 24).

The question of whether transit is getting its fair share of advertising revenue is one that will require further investigation. A British study entitled, "Are You Short-Selling Bus Side Adverts?" was published in 1989. The abstract says: "New research to obtain the facts on bus advertising proves that advertisers are getting better value from poster equivalent space on bus sides than from maximum-sized in-town billboards.



FIGURE 22 Ads hanging from Kyoto subway car ceiling and in station.

The evidence produced by surveys suggests that advertisers are getting such high value from bus sides that operators ought to be charging at least double existing prices⁽¹⁵⁾.

The study is too old to be meaningful since so many dramatic changes have come to out-of-home ads in the decade of the 1990s. No comparable studies have been done since. This would be a worthwhile exploration.

BEYOND TRADITIONAL ADVERTISING REVENUE

More than half of the transit agencies surveyed for this synthesis reported revenue from everything from pay phones and vending machines to charter service. One-third of the agencies own their own rights-of-way and 63 percent of them lease those rights-of-way to utility and communication



FIGURE 23 London's Oxford Circus station promotes Shark Week on the Discovery Channel, photo courtesy of TDI.

companies to lay fiber optic cables, pipelines, telephone, and other transmission wires. There is an abundance of creativity in licensing and sponsorship agreements from cattle grazing rights in Houston to franchising mascots and sponsoring an annual jazz festival in Orlando.

The Handi-Bus system in Calgary, Canada provides lift-equipped dial-a-ride service to the disabled community. One of the ENO papers reports that the staff of Handi-Bus has raised enough money through corporate donations, foundations, individual contributions, bequests, and charitable annuities to fund the entire capital program. That is a successful public-private partnership (5).

A review of articles in APTA's *Passenger Transport*, the weekly newspaper of the transit industry, revealed several new revenue-generating ideas in use by systems other than those in the survey. Metro-North Railroad placed a total of 279 cellular phones in service aboard some of its trains. The "Rail-call" phones average 5,000 calls a week. The calls cost \$1.75 per minute, plus tax of course, to anywhere in the continental United States. Metro-North took in \$125,000 in additional revenue in 1996 (16).

The Charlotte Transit Authority in North Carolina installed newspaper vending machines on buses serving an express route as a 6-month experiment to see what the customer response would be to that amenity. Although eating and drinking are currently forbidden on the buses, the system is considering allowing or providing coffee on board during the morning peak-hour commute. In Japan, eating and drinking are permitted on board most public vehicles and the famed high-speed Shinkansen Line has vendors selling food and beverages from carts similar to the ones regularly seen aboard airlines.

Speaking of coffee, in Vancouver, B.C., which is part of the Northwest coffee-consuming culture that has been exported to the rest of North America, commuter trains have a designated "Cappuccino Car." On the West Coast Express, each of the five trains that operate in the morning and afternoon peak period has one car featuring a private vendor who sells coffee and muffins. The vendor is selected through a competitive bid process (5). This passenger amenity translates into happier riders and an additional revenue source for the transit agency.



FIGURE 24 Toronto, Canada school bus carrying advertising.

A bus ride from the tourist town of Nikko, Japan to the beautiful Lake Chuzenji at the foot of Mt. Nantai, was interrupted with a taped message in English that came over the bus intercom advising passengers of a local restaurant with English-

speaking waiters and excellent food. Such taped recordings may already be in use in tourist buses in this country, but were not identified by any of the surveyed transit systems as sources of revenue on their public transit vehicles.

CHAPTER SIX

AGENCY PROFILES**FOUR AGENCIES EXAMINED**

This synthesis explores traditional and new advertising revenue programs at transit agencies throughout the United States and some foreign countries. In fact, most transit agencies generate revenue by selling space on and within their system. And most of the advertising practices are fairly traditional for transit systems, such as car cards inside buses and rail cars and posters on the outside of vehicles.

In an age of declining subsidies and fiscal belt-tightening in both the public and private sectors, public service agencies are having to reinvent themselves into customer-focused entities and to think like entrepreneurs. For some operators it's daunting; for others it's an exciting challenge. For transit systems looking for new ideas, it would appear that only imagination, good taste, and the ability to convince their boards of directors limit them.

To obtain additional detailed information about transit systems that have both in-house and contracted advertising programs, four transit agency representatives were called and interviewed. One agency advertises with in-house staff, one contracts out for that service, the third has no advertising program and the fourth dealt with the advertising image question in a unique manner.

The Central Florida Regional Transportation Authority (LYNX), Orlando

LYNX in Orlando, Florida operates 250 buses. It operates 53 routes 20 hours a day. LYNX began its advertising program in 1992. LYNX is unusual in much of its approach to traditional transit theory and practice. Unlike most transit systems in the country, LYNX has experienced double-digit ridership growth since 1990, according to a TCRP publication, Transit Ridership Initiative (17). The report goes on to credit aggressive service expansion as a contributing factor.

The report further states that a "comprehensive marketing and outreach program has substantially increased the viability, public awareness and support for the system and services. One of the principal underlying philosophies of the program has been the importance of marketing the LYNX services in a bolder, 'retail' mode that adds 'entertainment' value and 'fun' to the traditional efforts to provide service-oriented information to customers"(7).

LYNX has a highly successful advertising revenue campaign that reportedly nets in the range of \$2.5 to \$3 million a year. There are two full-time commissioned staff people who aggressively sell the surface of the 250 buses, their interior poster space, and 100 bus shelters, print ads in the schedules and schedule books, and sponsorships. LYNX makes 10 percent

commission on the buses and 15 percent on the shelters. What they can't sell, they barter on a "dollar for dollar value." LYNX is in the planning stages of licensing its shelter design program. In addition, LYNX provides marketing services for other agencies that come to it for help with everything from designing a marketing program to painting their agencies' vehicles. LYNX has an artist under contract not only to paint its own fleet of 250 buses but also to work on other agency vehicles for LYNX.

The decision to conduct the advertising program in-house was purely an economic one. LYNX management believed that by using commissioned sales people it could net more funds than by contracting with an outside agency. LYNX believes that decision was the right one for them.

The Orlando/Daytona area ranks 22nd in the advertising market field. Orlando is a tourist mecca, with DisneyWorld as its anchor, the region has drawn other attractions, such as Sea World and Universal Studios. The idea of painted buses as an advertising medium is popular. However, LYNX has gone beyond simply advertising attractions and local and regional businesses. It has become an active and vital part of the community, co-sponsoring the annual LYNX Jazz Festival, creating recognizable mascots, and even conducting a wedding for the mascots.

When asked what creative new sources of advertising revenue might be in LYNX's future, officials identified: onboard videos, broadcasting from their buses; electronic message signs at superstops and more mascot merchandise sales; and the last line was "anything we can think of." That entrepreneurial approach to selling advertising and their own marketing game plan explains the success of LYNX's program.

Washington Metropolitan Area Transit Authority (WMATA), Washington, D.C.

The Washington Metropolitan Area Transit Authority is a regional bus and rail system that serves not only the nation's capital, but two states and eight local jurisdictions within Maryland and Virginia. The Metrorail system has the second highest daily ridership, following New York, even though it is only the third largest system in the country. Metrobus serves approximately 12,250 bus stops in the greater Washington metropolitan region. The system has a 1,500-square-mile service area and the population that lives in that area numbers more than 3.2 million people. Last year, WMATA celebrated its 20th birthday as an operating bus and rail system. Its reputation as clean, safe, and reliable, as well as architecturally monumental in a city of monuments, has served the nation well. The nation's capital is visited by more than 20 million

tourists each year and the greater Washington metropolitan area is in the top 10 market for advertisers.

WMATA has a vast inventory of equipment and facilities on which to place advertising. With approximately 1,300 buses, there are 43,000 interior posters available for revenue, 390 queen-size exterior posters, 2,200 king-size exterior posters and 1,300 tails to be sold, as well as 3,300 bus stop information displays with potential advertising space. Until recently, up to 50 buses were to be made available for whole bus advertising. That program started in September 1994, and terminated in December 1996, by order of the board of directors. The board had received some complaints regarding the aesthetics of whole-bus advertising and gave up a guaranteed revenue stream of \$1.8 million over a 5-year period because they were concerned over the transit authority's public image.

WMATA's rail fleet numbers 760 cars, with more than 5,300 interior posters available. Today, WMATA has 75 stations open and 8 more stations under construction. Rail stations contain more than 600 backlit dioramas and offer advertising space for almost 700 posters.

Both the Metrobus and Metrorail contracts were awarded to Transportation Displays, Inc.(TDI) for a 5-year period with a provision for a minimum guarantee and a percentage of annual net billings, 58 percent for bus and 60 percent for rail. WMATA reports their annual income from advertising revenue for 1997 as \$7.7 million.

The decision to use an outside agency for the advertising contract was based on the belief that full-time advertising specialists would have a broader network of clients and buyers to tap into and to capitalize on a national client base interested in the Washington market. The economics of that decision are periodically reviewed.

Aesthetics have always been a concern for the transit authority serving the nation's capital. During the planning stages, it became clear that one of Metrorail's design goals was to project an image befitting a capital city and the architects were very protective of everything from lighting and signage to telephones on station platforms. In fact, for many years, pay phones were not available on the platforms and the reasons given for not allowing them were everything from space considerations to noise problems. Today, pay phones are incorporated unobtrusively into the design of station platforms and provide a passenger amenity along with producing a \$700,000 annual revenue stream.

Heated discussions ensued in Metro's planning stages over whether to permit advertising and then how to present it in a classy manner. The backlit dioramas were designed to provide the transit agency with a solution to the advertising dilemma. Today, a backlit diorama on a platform in a Metrorail station ranges in cost from a low of \$525 per month for a 12-month contract to more than \$750 per month for a one-month showing at a specific station of choice.

WMATA has permitted advertising on its buses and rail cars for more than 20 years and has been aggressively pursuing advertising on its fare cards, tickets, transfers, and timetables. WMATA's annual \$7.7 million in ad revenue reflects the size of the market, the fact that millions of tourists and

visitors come to the nation's capital each year, and the authority's commitment to providing a quality advertising program.

Although there are formal written policy guidelines regarding the content of ads, WMATA has been sued several times challenging those guidelines. In two cases, WMATA was taken to court and lost the battle to keep specific ads from appearing. One was a political ad, the other was sponsored by the Gay Activist Alliance. The transit authority does reserve space on and in the system for its own service related promotions and for public service announcements.

WMATA has been in the forefront of finding other revenue sources to support its transit operations, including parking, fiber optic cable, vending and pay telephone revenues, joint development projects, real estate ventures--and the list goes on. In fact, WMATA owns and operates 35,000 parking spaces at Metrorail stations, making the agency the largest parking lot owner and operator in the metropolitan area. The annual revenue stream from parking for WMATA is \$7.8 million.

The transit authority has even been amenable to serving as a film location if the movie meets two very important criteria. First, it cannot interfere with revenue service and second, it cannot depict transit as a dangerous place. During the 1980s, one movie production company brought intense political pressure to bear on WMATA when the producers were told they could not film a shoot-'em-up chase scene in the system and eventually had to shoot the sequence in another city.

WMATA continues to explore every opportunity for increasing revenues not only in its advertising program, but also with the addition of a new entrepreneurial office called the Office of Business Planning and Development.

Metropolitan Transit Authority of Harris County, Houston METRO, Houston, Texas

The Houston METRO system operates almost 1,300 buses in a 1,279-square-mile service area. They operate in one of the top 10 media markets in the country. The system has about a \$250 million operating budget and is ranked in the top 10 bus companies in the country based on fleet size (6). Of those 10 companies, it is the only one without an advertising program.

The question of advertising and whether to consider an in-house program comes up periodically and the Houston METRO system has gone about a very methodical review of the issue. An in-house study prepared in 1994 (issued in 1995) is one of the few documents on the subject that has been uncovered in a search of available literature, both on-line and through the research network.

Houston METRO looked at the nation's top 20 bus companies and found that the other 19 all had bus advertising programs. It also discovered in its research that most transit authorities have full-service and long-term contracts with companies specializing in bus advertising and receive either a guaranteed minimum revenue or about 55 percent of the ad sale revenue, whichever is greater. For the most part, this synthesis research mirrored Houston's findings.

METRO has chosen, as of this date, not to implement an advertising program. Their analysis discusses the legal,

operational, and other issues that need to be considered as part of the decision. The City of Houston's sign code prohibiting certain kinds of outdoor advertising would need to be reviewed for applicability to Metro's facilities, such as bus shelters. The report goes on to state that while exterior bus advertising would be permissible, it might be perceived as adding "visual pollution" and circumventing the city's policy limiting billboard advertising.

In 1993, the METRO board adopted a resolution specifically prohibiting advertising on its buses. They included in the prohibition the display of commercial advertising on any transit vehicle interior or exterior, any of Metro's fixed facilities, or rights-of-way. One of the whereas clauses gives the board's opinion that the absence of commercial advertising enhances Metro's facilities and encourages greater public acceptance and use of the system's services.

The question of public perception of the image of Houston METRO is also aired in their in-house report. It is inconclusive on how much damage might be done to the agency's public image if advertising were to be allowed, but this was clearly an important factor in the decision not to allow advertising.

The concern over not having 100 percent control over ad content is raised, as is the need to address First Amendment rights to free speech by advertisers and activists.

Personal safety and the opportunity for increased vandalism are introduced in the report, as are operational and maintenance concerns that have been aired elsewhere in this synthesis.

A chart listing the 20 largest bus companies, but also including LYNX because of its unique in-house advertising program is reproduced as Appendix D. It identifies the outside contractors for each transit authority, indicates where the ads are located, whether they are framed ads or applied directly to the bus and how much revenue they generate. It distinguishes between bus shelter contracts with the city and with the transit authorities.

In discussing whether to advertise on its buses, the manager of market research for Houston METRO spoke of the agency's efforts in recent years to overcome the bus system's earlier poor public image. METRO spent millions of dollars to improve service and then to upgrade and project a new image, represented daily by clean buses on the street. Keeping that "pristine" image that has been so painstakingly developed is considered important to everyone at Houston METRO. In fact, the METRO board has passed three resolutions that prohibit commercial advertising on buses and facilities.

There are other sources of revenue available to the Houston METRO system. This agency is in the enviable position of having a one-cent sales tax in its service area. In addition it has interest income and generates revenue from parking and utilities that use its property. It also has licensing agreements for cattle to graze on its property. There aren't too many transit authorities that can boast that asset.

Because Houston is one of the top 10 media market cities and has an anti-billboard ordinance, it makes the METRO buses even more attractive to advertisers if the board ever chooses to reconsider their earlier decision.

King County Department of Transportation (Metro Transit), Seattle, Washington

Seattle/King County Metro operates more than 1,100 buses, including electric trolleys and dual-powered buses that serve approximately 73 million riders a year in a 2.1 square mile area. To ease downtown Seattle traffic congestion, Metro operates a 1.3-mile underground electric bus tunnel. In addition, Metro operates the largest publicly operated vanpool program in the country, with more than 500 vans on the road making almost 2.5 million trips annually and eliminating about 5,400 cars from area roads.

Metro has an advertising program that is administered through an outside agency, Washington Transit Advertising. Their contract is for 5 years, with a 2-year option. Because Seattle is 12th in the major media market cities, it appeals to advertisers. Metro's fleet of buses and attractive downtown facilities offer ample opportunities for sales.

The issue of image has been raised by those who oppose advertising on public vehicles and facilities. Metro approached the image issue from a public participation framework and came up with an innovative design solution that is described in an FTA publication called *Art in Transit—Making It Happen* (18).

In the early 1990s, Metro launched a 10-year plan to replace most of its 1,200 buses and used that opportunity to improve the design. The new buses are comfortable, have high-back seats and colorful interiors. The buses give route, safety, and fare information more clearly and have better ventilation and lighting than the earlier generation of buses. As a result of input from an employee task force, the buses are low maintenance, with vandal-resistant materials and the ad space on the sides of the bus was considered as part of the design element. How did the new bus design take shape?

At the urging of Metro's Arts Committee, a team was put together that consisted of an industrial designer, interior designer, graphic designer, communications specialist, and public artist to propose changes to both the interior and exterior of the bus. An 18-member employee task force was also engaged in the process including drivers, maintenance workers, safety planners, sales, marketing, and customer relations staff. The funding for the \$90,000 design contract came from shifting art program money to the bus project.

The Arts Committee was interested in stretching the limits of bus design emphasizing innovation, creativity and aesthetics, while the employee task force expressed more practical concerns such as safety, maintenance, and operational issues. The conflict between the two groups could have derailed the project, but instead they opened new lines of communications between the two groups by attending each others' meetings, holding some joint meetings, engaging in dialogue, and compromising. An example of one area of collaboration was on the issue of minimizing maintenance costs by avoiding complex designs in "high maintenance areas" or places likely to be hit by a car. So the maintenance employees provided a drawing indicating where those "high maintenance areas" are located.

The public was invited to respond to the preliminary designs that were displayed at libraries, shopping malls and

community centers throughout the county. The design team prepared a final design based on the reactions of the public, the employee task force, and the Arts Committee. Metro actually built a prototype by modifying a bus from its existing fleet and encouraged further public comment. The first new buses came into service in January of 1996. The design work, careful cost estimating, and extensive and collaborative public consultation process resulted in buses that came in on budget at \$240,000 each and were, for the most part, received enthusiastically.

The King County Department of Transportation and other agencies in the Puget Sound Region have undertaken a number of noteworthy ITS initiatives. A Smart Card fare system is being implemented to include not only the bus and rail system, but ferries as well. And commuters in the region will get

real-time traffic conditions, as well as transit vehicle locations and arrival times with access through a Web site and at transit centers.

This is all part of an "EZ Rider" initiative to develop a "seamless" multimodal transportation information system. Advanced information and communication technologies are being deployed to make transportation options easier to use. The World Wide Web site that was developed with eight employers provides real-time traffic information, an on-line ride-match application, bus route maps and schedules, as well as biking information and ferry schedules. A network of electronic kiosks is located at work sites, ferry terminals and on board the ferries. The final phase of the EZ Rider program will give people personalized automated trip planning and regional ridesharing information through desktop and electronic kiosks.

CHAPTER SEVEN

CONCLUSIONS

Conclusions presented in this chapter are based on information provided by the transit agencies surveyed.

Most transit agencies currently have advertising programs that generate revenue for their systems--Of the 27 transit agencies surveyed, 22 sell advertising space on their equipment and facilities. Of the remaining five agencies, one has already issued an RFP and the others periodically have considered it and continue to revisit the issue.

The revenue from transit advertising as a percent of the operating budget is small, but the total dollars are significant--The annual income from ads for the surveyed transit authorities ranges from \$1,000 in Dayton, Ohio to \$17 million in New York City. The four largest transit agencies, not including New York, average \$6.1 million a year.

The size of the transit agency is not the determinant factor in generating advertising revenue--Although it is reasonable to assume that the more equipment and facilities one has, the more revenue can be raised, one of the smaller systems, with 250 buses, generates almost six percent of its \$46 million operating budget with a highly motivated sales staff, an innovative program, and a tourist location that embraces advertising.

There are as many opportunities to generate advertising revenue as there are pieces of equipment, property, and printed material on the transit system--The agencies that responded to the survey identified a vast inventory of vehicles, property, and paper that could be used to advertise products, services, and companies. Advertising on transit-owned property amounts to a \$376 million industry.

Advertising policies are quite similar around the country--Transit agencies are concerned about not displaying false, misleading, or objectionable material and what constitutes objectionable material is clearly in the eyes of the beholder. Some agencies ban alcohol and tobacco ads, some limit the percentage of those ads that can be displayed, and some don't have any restrictions on this category of advertising at all. Tobacco advertising may no longer be an issue if Congress approves a pending tobacco settlement. Almost all agencies that advertise use unsold space to advertise their own services and to provide public service space for nonprofit organizations.

Transit agencies, for the most part, are contracting out their advertising programs--All of the large American transit agencies in the survey population contract out their advertising programs. Six agencies do their own in-house sales. The LYNX system in Orlando appears to be a highly successful anomaly: a small agency with an in-house program generating a sizable annual revenue stream. The contract term at most other agencies varies from 2 to 15 years, averaging 5 years for about half the contracts.

Obviously, each transit authority will decide what makes sense for its organization in terms of contracting out or selling

advertising with in-house personnel. What is clear is that selling advertising is a lucrative business venture. Expertise is required to succeed. Hiring that expertise or contracting for it are the two options available to transit agencies. Advertising sales and display are not what transit authorities were established to do, but if they can provide transportation services at a lower cost to passengers because they allow advertising to be carried on their systems, then advertising should be given thoughtful consideration. Whether to allow outside experts to conduct the business or hire that expertise needs to be decided.

All transit systems with outside contracts monitor the contractors for compliance--Some agencies scrutinize the contractors more closely than others. Audits are performed across a broad spectrum, from monthly or twice a year at some systems to "very rarely" or "as determined necessary" at others.

Foreign transit agencies seem to be more aggressive in trying new advertising projects--Agencies in London, Dublin, and Montreal have allowed everything from fully wrapped trains to stair tread and hubcap ads and Coca-Cola handstraps. Agencies in Asian countries also seem more willing to explore new ways to earn revenue from advertising, from ads hanging from the ceilings of Kyoto subway cars to taped advertisements played on tourist buses in Nikko, Japan.

Transit agencies asked about revenue sources other than ridership and advertising offered an array of responses--Concessions, parking fees, joint development projects, sales taxes, excess land sales, fuel sales, fiber-optics, utilities and communications cables were named along with criminal fines and interest income. LYNX said it makes money painting and designing vehicles for other agencies and companies.

Transit agencies are entering barter and trade agreements for products and services--Many of these trades are reciprocal agreements with TV and radio stations for air time swapped for advertising space. In some cases, transit authorities will increase or even double the number of ads purchased for a special event, if all print and broadcast event advertising has a "use transit to get there" tag line. Trades that are made by the advertising agent on behalf of the transit authority are usually part of the written contract.

Areas of transit advertising that can be usefully addressed in future studies were identified in the survey responses. A cost-benefit analysis might be done of contracting in-house versus contracting with an outside agency. All of the many variables would be examined. The location of the transit authority is an asset over which the agency has no control. For example, if the agency is located in one of the top 10 media markets, the ads on its vehicles will most likely be worth more than an agency in the top 50 or 100 media markets. The location bears a direct relationship to the value that national advertisers will place on the transit agency's assets.

Transit agencies don't have a solid fix on the costs associated with managing their advertising program. There may be a number of people within the agency who work on the contract, including a person in marketing, one in procurement, one in the legal department, and another in real estate or the auditor's office for various lengths of time. It would be useful to know how much time and at what rate.

What are the maintenance costs associated with the program? They are currently not broken out or identified by any of the transit agencies surveyed for this synthesis study. The fixed and variable costs might be studied.

The question of whether transit is getting its "fair share" of the advertising dollar is one that has been raised, but not answered. As the out-of-home advertising market flourishes by attracting interest from new industries, such as fashion, health care, and media, the value of "moving billboards" might be reassessed. Transit agencies will benefit by being well informed about the real value of their assets. This includes the value of the space for barter and trade purposes and the donations that transit systems make by providing public service ad space.

Research might be done to determine the extent to which people are willing to have their public agencies turn into commercial endeavors. Focus groups composed of transit riders and the general public should be asked how they feel about ads on their system. People in different parts of the country may have different feelings about this trend. Do passengers feel they benefit from advertising, either directly or indirectly?

Additional data are needed on revenue-generating ideas that are being tried around the country. A project profile might be developed focusing on features of various projects such as: the human resources needed, implementation costs, revenue

realized versus expectations, and unexpected roadblocks and how they are overcome.

Transit authorities are evolving to meet the many demands that are placed on them. In addition to providing transit, they are required by government mandate to help clean the air, provide transportation to the disabled, help get people from welfare to work, assure that transit operators are drug and alcohol-free, and to cost less. As they explore avenues to accomplish these formidable challenges, transit agencies need to share with one another the revenue-producing ideas that work. Both TRB and APTA can help by identifying and publishing the best and most readily transferable ideas. The collaboration of the two organizations on the transit research dissemination project is already paying off for the industry, bringing useful information to the people who want and need it.

Industry publications, such as APTA's Passenger Transport, might consider a regular column to highlight revenue-generating ideas that have been newly researched and identified or are being tested at various transit agencies. For example, an article about the Metro-North Rail-call phones appeared in APTA's publication. A column dedicated to transit "money-makers" could become an exciting and useful feature for the industry.

Not much has been written about transit advertising, but it is an area worth the time and effort for further exploration. Transit authorities have a valuable asset that people are willing to pay to use. The equipment and property are still available for its primary purpose of moving people safely, efficiently, and affordably. The questions of control over content, whether to attempt to sell the advertising in-house or contract out, and how to get a fair price for permitting advertising are issues with which the transit industry will continue to grapple. There are no definitive answers outside the context of the transit agency's needs and experience.

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APPENDIX A

Questionnaire

<p>Transit Advertising Revenue: New Sources and Structures TCRP Project J-7 Synthesis Topic SB-4</p> <p>Questionnaire</p>

Note to Individual Filling Out This Questionnaire:

My sincere thanks - in advance - for taking the time to fill out this questionnaire. We know you're busy. We hope that the information that you and others from different transit systems provide will offer all of us valuable insights into transit advertising revenue as a source of funds during this time of declining ridership and decreasing government subsidies. We are looking for new and innovative ways for transit agencies to increase revenues.

This study is on a fast track to bring you results and we will be happy to share our report with you and others as soon as our study is printed. The data we compile may help you in discussions with your transit managers and board members. Please answer these 22 questions as quickly and completely as you can and then send them back by February 7, 1997. Thanks again for your time and effort.

Name: _____

Title: _____

Department: _____

Transit Agency: _____

Address: _____

Telephone: _____

Fax Number: _____

E-Mail Address: _____

I. Transit System Profile

Please describe your transit system: (Please check all that apply)

1. **Modes operated:**

Bus _____	Light Rail _____
Paratransit _____	Heavy Rail _____
Other (please specify) _____	

2. **Number of vehicles:** (Please provide numbers on the line to the right of each one checked)

Bus _____	Light Rail _____
Paratransit _____	Heavy Rail _____
Other (please specify) _____	

3. **What is your annual operating budget:** \$ _____

II. Advertising As A Revenue Source

4. **Does your agency sell or lease advertising space?** No Yes
 (If no, please go on to question number 15)

If yes, please check the boxes for the equipment and facilities that you sell or lease advertising space on or in and put the quantity on the line provided for each one that applies to your system:

Buses:

Whole Bus _____	Interior _____
Queens _____	Kings _____
Tails _____	Bus Stop _____
Other (please specify) _____	

Rail cars:

Interior _____	Exterior _____
Other (please specify) _____	

Rail stations:

Dioramas _____	Posters _____
Digital displays _____	Kiosks _____
Stair treads _____	
Other (please specify) _____	

Facilities:

Shelters _____	Kiosks _____
Trestles _____	Billboards _____
Other (please specify) _____	

Printed materials: (Please provide numbers on the line to the right of each one checked)

Fare cards \$ _____	Annual Revenue _____
Tickets \$ _____	Annual Revenue _____
Transfers \$ _____	Annual Revenue _____
Timetables \$ _____	Annual Revenue _____
Other (please specify) _____	\$ _____ Annual Revenue _____

5. **What is your net annual revenue from advertising?** \$ _____

III. Advertising Policies

6. Do you have advertising policy guidelines?

Yes Formal Written Policy Yes Informal Policy No Policy

7. If you have an advertising policy, please answer the following:

- a. Do any of your guidelines deal with ad content? No Yes
- b. Do you limit alcohol and tobacco advertising? No Yes
- c. Please describe other restrictions that you have on advertising content:

_____ **(If you have a written policy, please provide a copy to us.)**

- d. Have you ever been forced to cancel an ad? No Yes
- If yes, briefly describe the issue: _____

8. Have you ever been sued over a controversial ad? No Yes

If yes, please describe the issue: _____

- a. Did you win or lose the court battle? _____ Win Lose
- b. If you found another way to deal with the problem, please describe:

9. Do you reserve space for:

- a. Your own service related promotions? No Yes _____ %
- b. Public service advertising (PSAs)? No Yes _____ %
- c. Who pays for labor and related expenses for PSAs?
 - Client _____ Transit Agency _____
 - Other (please specify) _____

IV. Advertising Contracts

10. Is the sale or lease of advertising handled by in-house staff?

No Yes

If yes, please answer the following:

- a. Who does the contracting?
 - Procurement _____ Marketing _____
 - Real Estate _____ Other office (please specify) _____
- b. How many staff are engaged in this activity? _____

- c. Is a commission paid? No Yes
- d. If yes, what percentage? _____ %
- e. Does the revenue go to the general fund? No Yes
- f. If no, is it dedicated for a specific purpose or department? No Yes
- g. If yes, please specify

11. Do you contract for advertising through an outside agency? No Yes

If yes, please provide a copy of your contract and answer the following:

- a. What firm do you contract with? _____
- b. Does your contract call for a minimum annual guarantee? No Yes
- c. If yes, is it on an escalating scale for the life of the contract? No Yes
- d. How long is the contract term? _____ years
- e. Is yours a fixed fee contract? No Yes

12. Does your contract call for a percentage of annual net billings? No Yes

a. If yes, what percentage? %

13. Do you require a mix of national, regional and local advertising? No Yes

a. If yes, what percentage? National _____% Regional/Local _____%

14. Do you monitor for contract compliance? No Yes

If yes, please answer the following:

- a. Which office administers or monitors the contract?
 - Procurement _____ Real Estate _____
 - Marketing _____ Other office (please specify) _____
- b. Do you perform audits? No Yes
- c. If yes, when?
 - Annually _____ Semiannually _____
 - Spot Check _____ Other (please specify) _____

V. Other Revenue Sources

15. Do you have revenue sources other than ridership and subsidies? No Yes

a. If yes, please describe _____

16. Do you own any right-of-way? No Yes

- a. If yes, do you lease your right-of-way? No Yes
- b. If yes, please identify what the leases are for:
- c. Cable _____ Annual revenue \$ _____
- d. Fiber optics _____ Annual revenue \$ _____
- e. Communications _____ Annual revenue \$ _____
- f. Other (please specify) _____ Annual revenue \$ _____

17. **Do you enter trade/barter contracts for products or services?** No Yes
 a. If yes, please describe _____
 b. If you have an advertising agent, does your advertising agent negotiate trade/barter agreements? No Yes
 c. If yes, is payment made to the transit agency? No Yes
 d. Is this part of your written contract? No Yes
18. **Do you have licensing agreements that generate revenue?** No Yes
 a. If yes, please describe _____
 b. What is the annual revenue stream? \$ _____
19. **Do you have sponsorship agreements that generate revenue?** No Yes
 a. If yes, please describe _____
 b. What is the annual revenue stream? \$ _____
20. **Do you have a web site?** No Yes
 a. If yes, do you sell advertising on your site? No Yes
21. **What is your annual fare box revenue? \$ _____ Annual non-fare box revenue?**
 \$ _____
22. **Please describe any successful or innovative new source of advertising revenue that you have tried or are considering trying:** _____

You're almost done! Just one more thing!

If you don't have all the information available, such as number of vehicles or revenues, please send what you do have now and forward any additional information when it becomes available. Also, we would appreciate some photos of advertising on your facilities or equipment or printed materials describing your advertising program and policies. If your ad contract is not proprietary, please send us a copy. Please return this questionnaire and any documents by **February 7, 1997** to:

Beverly R. Silverberg Communications, Inc.
3904 Calverton Drive
Hyattsville, MD 20782-1010
 Phone & Fax: (301) 779-0861 E-mail: BRSCOMM@AOL.COM

Please check here if you'd like a copy of the study. No Yes

Thank you very much for your help!

APPENDIX B**List of Responding Agencies**

LIST OF RESPONDENTS

City and State	Transit Agencies	System Size	Region
Largo, MD	The Bus	small	Mid-Atlantic
Lansing, MI	CATA	small	Midwest
Grand Rapids, MI	GRATA	small	Midwest
Birmingham, AL	MAX	small	South
Las Vegas, NV	RTC	small	West
Syracuse, NY	CNYRTA	small	Northeast
Rockville, MD	Ride-On	small	Mid-Atlantic
Rochester, NY	RTA	small	Northeast
Dayton, OH	MVRTA	small	Midwest
Orlando, FL	LYNX	small	Southeast
Columbus, OH	COTA	small	Midwest
San Carlos, CA	SamTrans	small	West
Phoenix, AZ	Public Transit Dept.	small	Southwest
Milwaukee, WI	Milwaukee County Transit	medium	Midwest
Honolulu, HI	Honolulu Public Transit	medium	West
Portland, OR	Tri-Met	medium	Northwest
Oakland, CA	BART	medium	West
Pittsburgh, PA	PAT	Transit medium	Northeast
Denver, CO	RTD	medium	Midwest
Dallas, TX	DART	large	South
Houston, TX	MTA Harris County	large	South
Philadelphia, PA	SEPTA	large	Northeast
Washington, DC	WMATA	large	Mid-Atlantic
Newark, NJ	NJ Transit	large	Northeast
Chicago, IL	CTA	large	Midwest
New York, NY	NYC Transit Authority	large	Northeast
Kowloon, Hong Kong	Kowloon Motor Bus Co.	large	International

Source: 1997 Survey of Transit Agencies

Information from the following agencies is referenced in the report, but not included in the statistics.

Seattle, WA	King County Department of Transportation/Metro
New York City, NY	Metropolitan Transportation Authority
Kowloon, Hong Kong	Kowloon-Canton Railway Corporation

APPENDIX C**Advertising Agencies Used by Respondents**

Advent Advertising
Denver Transit Advertising
Eller Media
Gateway Outdoor Advertising
Obie Media Corporation
Outdoor Systems, Inc.
Park Outdoor and Transit
Patrick Media Group, Inc.
Philbin & Coine, Inc. (P&C Media)
The Knape Group
Transportation Displays, Inc. (TDI)
Washington Transit Advertising
Winston Network, Inc.

APPENDIX D

Advertising at the 20 Largest Bus Agencies Chart

Authority City	MTA New York	LACMTA Los Angeles	CTA Chicago	NJT New Jersey	WMATA Washington DC	SEPTA Philadelphia
(1) Rank	1	2	3	4	5	6
No. of Bus Trips (millions)	682.5	411.8	392.1	245.0	179.8	179.6
Contractor	TDI	TDI	TDI	TDI	TDI	TDI
Year started	< 1970	< 1970	< 1970	< 1980	1974	< 1970
(2) Positioning	Inside	Inside	Inside	Inside	Inside	Inside
Location of ads	Side panels	Side panels Painted bus	Side panels Painted bus	Side panels	Side panels Painted bus	Side panels Painted bus
(3) Type of Application	Rail cars/stations Direct application Framed ads (<100)	Rail cars/stations Direct application Framed ads: "Kings" Some "Queens" Tail lights	Rail cars/stations Direct application Framed ads: "Kings" Tail lights	Rail cars/stations Framed ads: "Kings" Some "Queens" Tail lights	Rail cars/stations Direct application Framed ads: "Kings" Some "Queens" Tail lights	Rail cars/stations Direct application
(4) Number of Buses with Advertising	3700	2200	2098	1900	1387	1400
Number of Painted Buses	n/a	20	10	n/a	5	2
Painted Bus Cap		100	0		50	25
(5) Number of Rail Vehicles with Advertising	6000	0	1200	750	760	674
(6) Annual Revenues						
Guaranteed minimum	\$14,200,000	\$5,000,000	\$4,400,000	\$3,200,000	\$7,100,000	\$2,250,000
Equity percentage	60%	Flat fee	60%	60%	55%	55%
Actual Annual Revenue	\$15,800,000	\$5,000,000	\$5,400,000	\$3,840,000	\$7,261,200	\$3,750,000
(7) Guar. Min. Rev./Vehicle	\$1,464	\$2,273	\$1,334	\$1,208	\$3,307	\$1,085
(8) Number of Shelters with Advertising	3000	950	N/A	0	N/A	247
	City contract for \$5,000,000	City contract for \$300,000		RFP just released (No count)		City contract for \$305,000
(9) Restrictions	No tobacco	None	None	None	<20% from alcohol <20% from tobacco Decrement by 5%	<20% from alcohol <20% from tobacco

Source: Houston Advertising Revenue Survey Report

Authority City	MUNI San Francisco	MBTA Boston	MTA Baltimore	METRO Houston	City of Detroit DOT	MARTA Atlanta
(1) Rank	7	8	9	10	11	12
No. of Bus Trips (millions)	101.2	97.9	94.0	84.8	80.9	76.0
Contractor	TDI	PTD	MTC		Gannett Transit	TDI
Year started	< 1975	< 1970	< 1970		1990	1972
(2) Positioning	Inside	Inside	Inside		Inside	Inside
Location of ads	Side panels	Side panels	Side panels		Side panels	
	Painted bus	Painted bus	Painted bus		Painted bus	
	Shelters					Shelters
	Rail cars	Rail cars/stations	Rail cars/stations			Rail cars/stations
(3) Type of Application	Direct application	Direct application	Direct application		Direct application	
	Framed ads:	Framed ads:			Framed ads:	
	"Kings"	"Kings"			"Kings"	
	Some "Queens"					
	Tail Lights	Tail Lights			Tail Lights	
(4) Number of Buses with Advertising	797	500	850		500	678
Number of Painted Buses	3	2	12		1 - 3	0
Painted Bus Cap	50	25	0		N/A	0
(5) Number of Rail Vehicles with Advertising	167	900	235		N/A	240
(6) Annual Revenues						
Guaranteed minimum	\$1,850,000	\$2,750,000	\$920,000		\$320,000	\$905,000
Equity percentage	65%	65%	Flat fee		53%	60%
Actual Annual Revenue	\$2,000,000	\$3,445,000	\$920,000		\$320,000	\$905,000
(7) Guar. Min. Rev./Vehicle	\$1,919	\$1,964	\$848		\$640	\$986
(8) Number of Shelters with Advertising	700	0	0		0	150
	Separate non- revenue contract		Drafting RFP for approx 300 shelters		Shelter adv under consideration	Privately owned/ operated -- MARTA revenue = \$45,000
(9) Restrictions	No alcohol No tobacco	No tobacco	No alcohol No tobacco		No alcohol No tobacco	< 20% from tobacco < 5% from alcohol (Beer/wine only)

Authority City	PAT Pittsburgh	Honolulu Public Transit	AC Transit Oakland	MTC Minneapolis	RTA New Orleans	Metro Seattle
(1) Rank	13	14	15	16	17	18
No. of Bus Trips (millions)	73.6	72.8	65.5	65.4	62.4	57.4
Contractor	Gateway Adv.	In-House	TDI	TDI	TDI	WTA
Year started	< 1970		< 1975	< 1970	< 1983	1973
(2) Positioning Location of ads	Inside Side panels	Inside	Inside Side panels Painted bus	Side panels Painted bus	Inside Side panels Painted bus	Inside Side panels Painted bus
(3) Type of Application	Direct application Framed ads: "Kings" Tail lights		Framed ads: "Kings" Tail lights	Direct application Framed ads: "Kings" Tail lights	Direct application Framed ads: "Kings" Tail lights	Direct application Framed ads: "Kings" Some "Queens" Tail lights
(4) Number of Buses with Advertising	896	485	750	961	492	1147
Number of Painted Buses	0	0	Varies	12	2	12
Painted Bus Cap	0	0	N/A	50	10	20
(5) Number of Rail Vehicles with Advertising	N/A	N/A	N/A	N/A	N/A	N/A
(6) Annual Revenues						
Guaranteed minimum	\$1,000,000		\$750,000	\$900,000	\$420,000	\$1,705,000
Equity percentage	Flat fee		Flat fee	56%	52%	55%
Actual Annual Revenue	\$1,000,000	\$68,000	\$750,000	\$1,200,000	\$420,000	\$1,705,000
(7) Guar. Min. Rev./Vehicle	\$1,116	\$140	\$1,000	\$937	\$854	\$1,486
(8) Number of Shelters with Advertising	0	0	0	0	135	0
			Private contractor owned & operated		City contract for \$25,000	
(9) Restrictions	"Good Taste" Restriction	No alcohol No tobacco No political	No alcohol No tobacco	Plans to cease Alcohol/Tobacco	None for bus Shelter zoning restrictions	No alcohol No tobacco

Authority City	DART Dallas	Milwaukee City Transit	LYNX Orlando
(1) Rank	19	20	9.6
No. of Bus Trips (millions)	57.0	55.9	In-House
Contractor	TDI	P & C Media	1992
Year started	< 1970	< 1970	
(2) Positioning	Inside	Inside	
Location of ads	Side panels Painted bus	Side panels Painted bus	Painted bus
(3) Type of Application	Direct application	Direct application Framed ads: "Kings"	Direct application
(4) Number of Buses with Advertising	850	546	42
Number of Painted Buses	5	18	42
Painted Bus Cap	20	82	170
(5) Number of Rail Vehicles with Advertising	N/A	N/A	N/A
(6) Annual Revenues			
Guaranteed minimum	\$1,190,000	\$360,000	
Equity percentage	Flat fee	50%	**
Actual Annual Revenue	\$1,190,000	\$375,000	
(7) Guar. Min. Rev./Vehicle	\$1,400	\$659	\$0
(8) Number of Shelters with Advertising	0	0	
		Shelter adv under consideration	Private contractor owns & operates
(9) Restrictions	None	Voluntary Limits Right to review	No alcohol No tobacco No "X"-rated Right to review

APPENDIX E

Milwaukee County Transit System Advertising Policies and Standards

- I. In general, the following policies are meant to protect the interests of Milwaukee County while maximizing the revenues received from compliant advertisers. In no way are these policies meant to deny or in any way limit the rights advertisers have as guaranteed by the First Amendment of the Constitution of the United States.
- II. The following types of advertising are prohibited:
 - A. Advertising that advocates violence, crime and anti-social behavior, or presents violence or crime as erotic, entertaining, amusing or appropriate.
 - B. Advertising that promotes pornography or businesses that traffic in pornography. This applies to advertising X-rated movies.
 - C. Advertising that portrays individuals with characteristics protected under federal law as inferior or contemptible under those protected characteristics.
 - D. Advertising that states or implies the endorsement of a product or service by MCTS.
 - E. Advertising that is obscene (i.e. patently offensive sexual material lacking literary, social, artistic and/or political value, that appeals to the prurient interest of a person of average sensibilities).
 - F. Advertising that is false, misleading, deceptive or relates to an illegal activity.
 - G. Advertising which includes language that is obscene, profane or libelous.
 - H. Advertising that is vulgar or is intended to be disreputable to a person, business or organization.
 - I. Advertising that appears as graffiti, gang signs or symbols, encourages graffiti, or appears to encourage or implies the destruction or marking of property of any sort. Copy and graphics using "graffiti style" art may be deemed acceptable if, in the judgment of transit system officials, such style art does not imply or appear as destructive, malicious or inappropriate in its context (e.g. the 1993/1994 Neon "Hi" introduction campaign would not be acceptable; the

MCTS On Board Advertising Policies and Standards

Page 2

- 1994 "Hang Tough" or the "Power of Work" transit campaign is accepted).
- III. Alcoholic beverage advertising will be accepted; however, the following guidelines are to be followed:
 - A. No more than 22.5% of all classes of exterior space locations on buses will be sold to alcoholic beverage advertisers in any given calendar year. Also, alcoholic beverage advertising may not exceed 35% of space in any given month (this will accommodate potential overlaps but will not affect the overall annual average).
 - B. All alcoholic beverage advertising accepted after January 1993 must contain a responsible drinking message.
 - C. In order to maintain this ratio, no more than 20% of all fully illustrated buses will carry alcoholic beverage advertising.
 - D. Appropriateness of alcoholic beverage ads will be judged on the way the product is presented. For example, copy or graphics that do not portray responsible use by legal age groups will not be deemed acceptable.
 - E. No advertising promoting the consumption of alcoholic beverages will be accepted inside the bus. However, at the discretion of MCTS, space may be sold and/or otherwise provided featuring an alcoholic beverage brand and/or company when the brand and/or company is a major sponsor of an event. In the latter case, the ad may not encourage purchase and/or consumption of an alcoholic beverage.
- IV. With regard to accepting advertising for tobacco products, the following guidelines are to be followed:
 - A. Currently, less than 10% of all classes of exterior space locations are sold to tobacco product advertisers. The advertising sales company may not sell space that exceeds this limit without consent from transit officials. In no instance can tobacco product advertising exceed 20% of all classes of exterior space.
 - B. Tobacco product advertising must comply with all federal, state, and local requirements dealing with such advertising (e.g. surgeon general's warning).

MCTS On Board Advertising Policies and Standards

Page 3

- C. Because of the highly regulated nature of tobacco products and the documented health risks, no tobacco product advertising will be permitted outside of current framed advertising areas on MCTS buses.
 - D. MCTS officials will be the final judge of the appropriateness of tobacco product advertising.
 - E. No advertising promoting the use of tobacco products will be accepted inside the bus. However, at the discretion of MCTS, space may be sold and/or otherwise provided featuring a tobacco product brand and/or company when the brand and/or company is a major sponsor of an event. In the latter case, the ad may not encourage purchase and/or use of a tobacco product.
- V. Fully and partially illustrated buses must comply with the above policies. In addition, all fully illustrated bus designs must be submitted to MCTS for review and approval prior to application. Such review will take into consideration compliance with the above policies as well as any affect the design may have on operations, maintenance, safety and passenger comfort.

March, 1994

APPENDIX F

WMATA Request for Proposal for Bus Advertising Contract

CONTRACT Z-42306
SCOPE OF SERVICES
AND
SPECIAL CONDITIONS

TABLE OF CONTENTS

1. Purpose	1	36. Rules and Regulations	9
2. Description	1	37. Independent Contractor	9
3. General Services	1	38. Employees of the Contractor	9
4. Acceptance of Assignment of Existing Advertising Contracts	1	39. Shop and Storage Space	10
5. Advertising Guidelines	1	40. Federal, State and Local Law	10
6. National Leasing Organization	2	41. Indemnification and Insurance	10
7. Local Leasing Organization	2	42. Notice	13
8. Leasing Plan	2	43. Right of Ingress and Egress	13
9. Sublease of Advertising Space	2	44. Waiver of Performance	13
10. Fiscal Judgment	3	45. Removal of Equipment	14
11. Advertising Displays	3	46. Labor	14
12. Increase to Inventory	3	47. Damage to Metrobuses	14
13. Framing of Existing Buses	3	48. Housekeeping by Contractor	14
14. Frames on New Buses	4	49. Supplemental Cleaning of Advertising Displays	14
15. Whole Bus Advertising	4	50. Service Interruptions	15
16. Ownership of Advertising Hardware	4	51. Authority Copies of Contracts/Orders	15
17. Hours of Carding and Framing	5	52. Alcohol and Tobacco Restriction	15
18. Metrobus Paint Scheme	5	53. Trade/Barter Agreements	15
19. Frame Relocation	5	54. Overposting	16
20. Graphics Relocation	5	55. Assignment of Contracts for Advertising	16
21. Removal of Dated Materials	5	56. Adjustment to Size of Operating Fleet	16
22. Interior Advertising	5	57. Photographs of Advertising	17
23. Interior WMATA Information Cards	6	58. Authority Audits of Space	17
24. Exterior WMATA Information Cards	6	59. Severability	17
25. Public Service Advertising	6		
26. Charge for Public Service Advertising	7		
27. Rate Structure	7		
28. Contract Forms	7		
29. Cooperative Promotions	7		
30. Use of Unsold Space by Contractor	8		
31. Policy on No Empty Spaces	8		
32. Use of Corrugated Plastic	8		
33. Leasing and Financial Records	8		
34. Billings and Collections	8		
35. Grant	9		

1. **PURPOSE**

WMATA desires that competent advertising franchise services be secured to operate the revenue producing advertising program on all Metrobus vehicles under the control and operation of the Washington Metropolitan Area Transit Authority. Franchisee shall do everything necessary at the franchisee's expense in consideration of the exclusive right to leasing and operation of the revenue producing advertising program, which right is granted herein.

2. **DESCRIPTION**

The Contractor shall provide advertising services to WMATA for the regional Metrobus system in accordance with the authorized inventory. These services shall be performed in accordance with the task descriptions listed herein. The work consists of, but is not limited to, these task descriptions.

3. **GENERAL SERVICES**

Contractor shall provide an attractive and profitable means to develop and maintain a commercial advertising business for the display of qualified advertiser's products and/or services, in sufficient volume to utilize, as is reasonably possible, a one hundred percent (100%) use and occupancy rate of the available advertising space. Contractor shall do all things necessary and reasonable to lease the space for advertising of the highest graphic quality and content and to employ criteria and standards of integrity in design and advertising content appropriate to the dignity of the National Capital Area. All leasing of space shall be made in the name of the Contractor and not WMATA.

4. **ACCEPTANCE OF ASSIGNMENT OF EXISTING ADVERTISING CONTRACTS**

The successful proposer agrees to accept assignment by the Authority or its nominee, all rights, title and interest in and to any or all contracts for advertising on Metrobuses in effect on January 1, 1995 and, further agrees to pay a twenty percent (20%) commission of gross receipts on the unexpired term of the contract to the Authority, or its nominee.

5. **ADVERTISING GUIDELINES**

All advertising displayed inside or outside Metrobuses shall conform to the "Guidelines Governing Quality of Commercial Advertising" adopted by the WMATA Board of Directors. Whenever a question arises as to the propriety of an advertisement, in that it may be considered objectionable or

controversial, Contractor is required to submit the advertisement to the Contracting Officer, or his designee, for review and approval. Final determination of acceptability shall be the responsibility of the Contracting Officer. All advertising leased by the Contractor shall be subject to review by WMATA and any advertisement found to be unacceptable, by the Contracting Officer, shall be immediately removed by the Contractor upon verbal or written demand, at no cost or expense to WMATA.

6. **NATIONAL LEASING ORGANIZATION**

Contractor shall provide and maintain a national leasing organization with the expertise, integrity, experience and with business relationships of sufficient scope to solicit leases and to lease both national and local advertising for display on the Authority's buses.

7. **LOCAL LEASING ORGANIZATION**

Contractor shall maintain a fully-staffed office within the transit region, under the direction of a Resident Sales Manager who will direct a fully trained sales organization and an adequate service and maintenance force to maintain all advertising in prime condition at all times. Contractor should recognize the importance to the Authority of locally generated revenue and should employ its best efforts to maximize that revenue. Contractor shall also produce and distribute sufficient quality promotional material to advance the lease of bus advertising in the metropolitan Washington market.

8. **LEASING PLAN**

The Contractor shall submit, with his proposal, a leasing plan that will include precisely how he plans to lease the authorized space to assure the maximum lease space. The plan shall include any packaging that is envisioned by the Contractor.

9. **SUBLEASE OF ADVERTISING SPACE**

The Contractor shall not permit the subdivision and/or the sublease of any advertising space that is leased pursuant to this contract without the expressed written permission of WMATA. The Contractor shall further be required to include such prohibition in the terms and conditions that the Contractor enters into with any party leasing advertising space on Metrobuses. Such conditions shall require the immediate removal of any advertising that is subdivided or subleased by the client. This section is not intended to preclude a group of merchants in a shopping center or the

shopping center management from purchasing space and naming the separate merchants or businesses.

10. **FISCAL JUDGMENT**

Contractor shall exercise sound financial and administrative judgment In order to maintain high quality leasing, service and maintenance and to ensure the maximum revenue return to the Authority, subject to the provisions and limitations described herein.

11. **ADVERTISING DISPLAYS**

Except as otherwise directed by the Authority, advertisement displays shall be placed only in those locations and in a manner as approved, or directed, by the Authority. Installation and removal of all advertising displays shall be solely the responsibility of the Contractor. The quantities and specific configurations of advertising on the existing Metrobus fleet is described in Appendix B.

12. **INCREASE TO INVENTORY**

Any expansion of advertising inventory authorized or directed by WMATA in addition to the specifications contained in Attachment A shall increase the monthly guarantee payments due from the Contractor by forty percent (40%) of the potential revenue that would have been generated by one-hundred percent (100%) occupancy of such additional space, regardless of whether or not such additional space is actually installed or leased.

The increased guarantee amount shall be included with the guarantee payment on the first business day of the month following the Inclusion of new inventory. The value of the increased inventory shall be calculated by taking the current twelve-month, unit rate as it appears on the approved rate card and multiplying that rate times the quantity of new inventory. This value will then be multiplied by 40% to produce the amount by which the monthly guarantee will be increased . This "add-on" to the guarantee value will then be adjusted by the same rate as any approved rate increase over the term of the contract.

13. **FRAMING OF EXISTING BUSES**

Contractor shall provide, install, maintain and replace at its own cost, all interior and exterior advertising display hardware (frames, racks, moldings, card springs, etc.), as approved, or directed, by the Authority, for all buses in the Metrobus fleet.

14. **FRAMES ON NEW BUSES**

The Authority's current bus replacement plan calls for the purchase of up to 150 new buses during Fiscal Years 1995 through 1997 and up to 100 buses in Fiscal Year 1998. It is the Authority's intention to utilize direct application vinyl advertising on all new buses, therefore these buses will be purchased without frames.

15. **WHOLE BUS ADVERTISING**

Direct application, whole-bus advertising shall be limited only to the sides and backs of those forty-foot Metrobuses designated by the Authority. No advertising shall be placed on either the front passenger door, the side window adjacent to the operator's area, nor on the forward most passenger windows on either side of the bus. Generally, the Authority will utilize the newest buses in the fleet for the whole-bus advertising program. Prior to the production of all whole-bus advertising copy, the contractor will present the graphic design to the Authority for review and approval. It is during this review process that a location for bus numbers and the "M" logo will be determined. The contractor shall be responsible for purchasing and maintaining supplemental bus numbers and "M" logos for placement on the sides of buses with whole-bus advertising in a manner directed by the Authority.

Whole Bus Advertising shall be permitted on no more than 50 buses, subject to limitations established by the WMATA Board and District of Columbia Law. Whole Bus Advertising will be accomplished utilizing only approved vinyl, direct-application material on the bus body and a "see through" vinyl material, such as "ContraVision," or an approved equal on the side windows.

All vinyl used for the whole-bus program will be of transit quality such as 3M Controltac, Fasson Transit Vinyl or approved equal. Production quality must be controlled to ensure minimum effects of the sun, weather and frequent washing. The contractor shall be responsible for all costs associated with installation, maintenance and restoration, which will be accomplished with contractor personnel. All damaged copy shall be replaced immediately by the contractor at his expense regardless of the cause of the damage. No alcohol or tobacco advertising will be permitted as part of the whole-bus program.

16. **OWNERSHIP OF ADVERTISING HARDWARE**

All advertising display hardware (frames, racks, moldings, card springs etc.) once installed on or in Metrobuses under this Contract shall become the property of the Authority. As buses are taken out of service for disposal

17. **HOURS OF CARDING AND FRAMING**

The Contractor shall install all advertising hardware and apply, insert and remove all advertising copy during those hours when the Authority's buses are not in revenue service, or at those other times as approved by the Authority.

18. **METROBUS PAINT SCHEME**

The Contractor shall not remove, alter or cover the corporate logos of the Authority and/or the bus numbers without the written approval of the Contracting Officer, except on those buses designated for the whole-bus program.

19. **FRAME RELOCATION**

The Contractor should consider the present configuration and location of all advertising and advertising hardware to be permanent. No advertising hardware may be removed or relocated by the Contractor without prior written approval of the Contracting Officer. The Contractor shall remove, reinstall and/or relocate any advertising hardware at the Contracting Officer's discretion and upon his direction, at no cost or expense to the Authority. There is no intent on the Authority's part to suggest or intimate that the configurations shown on Attachment B can be increased or relocated in the future.

20. **GRAPHICS RELOCATION**

The relocation of any graphics on or in Metrobuses made necessary due to the relocation of advertising displays shall be coordinated through, and approved in writing by, the Contracting officer, or his designee, on the basis of a specific plan for each series of buses affected. Any costs associated with graphics relocation shall be borne by the Contractor.

21. **REMOVAL OF DATED MATERIALS**

Contractor shall remove advertisements at the end of the contract period, and all dated messages or cards featuring a special, event within seven (7) days of the date shown on the advertisement.

22. **INTERIOR ADVERTISING**

Contractor shall give special effort to the proper spacing of cards installed in the interior 11" longitudinal racks. All advertising in these racks shall be secured on both ends with retaining straps. The appropriate size strap shall

be used for each model bus. When installing the straps, care must be taken to ensure that the copy on the card is not covered.

Contractor's responsibility to replace interior advertising cards shall exist regardless of whether the cards were negligently or intentionally damaged, removed or otherwise subject to malicious mischief or acts of vandalism. Contractor's obligation to replace cards is absolute, and is not dependent upon notification by WMATA.

23. **INTERIOR WMATA INFORMATION CARDS**

Contractor shall withhold from available inventory, one (1) 11" x 42" space and five (5) 11" x 28" spaces in the longitudinal advertising rack at all times for cards relating to Authority business or cooperative promotions. The 11" x 42" card shall occupy the first position on the curb side at the front of the bus. The first position on the street side at the front of the bus will be reserved for one of the 11" x 28" cards and the other four (4) 11" x 28" cards will be spaced throughout the bus. The Contractor shall post (install and remove) for the Authority, at no cost to the Authority, not more than five (5) interior cards per month or a total of 60 postings in each calendar year. For interior postings in excess of 60 per year, the Contractor may charge the Authority the prevailing public service labor rate.

24. **EXTERIOR WMATA INFORMATION CARDS**

The Contractor shall maintain as available (reserve from lease), post (make-up, install and remove) and store for the Authority, at no cost to the Authority, 100 Queen-size displays each month. Other size exterior displays shall be posted (made up, installed and removed) and stored for the Authority, at no cost to the Authority on a space-available basis.

25. **PUBLIC SERVICE ADVERTISING**

A minimum of one hundred (100) each of exterior Taillight and Queen size advertising displays and a minimum of four (4) interior 11" x 28" cards per bus shall be reserved for the posting of approved public service advertising messages; provided, however, in no event shall the Contractor be obligated to provide more than the current unsold advertising space for such messages, above the minimum quantities stated above. The Contractor shall be responsible for the overall administration and maintenance of the public service program in accordance with the "Guidelines for Public Service Advertising" adopted by the WMATA Board of Directors. All public service advertising requests shall be submitted to the Contracting Officer, or his designee, for approval prior to posting of such materials.

26. **CHARGE FOR PUBLIC SERVICE ADVERTISING**

Contractor shall make such reasonable charges for labor and related expenses, to cover costs only, for the posting of public service advertising. Such charges shall be subject to approval by the Contracting Officer. Amounts received for posting of public service advertising shall be reported to the Authority, by name and amount, in the monthly reports required in the Payment Schedule, but shall not be included in either "gross receipts" or "net billings" for purpose of determining amounts due the Authority from the lease of advertising. Contractor shall submit a schedule of proposed charges for public service advertising with their response to this Request for Proposal.

27. **RATE SCHEDULE**

The Contractor shall establish all rates and charges for the lease of advertising space in and on Metrobuses and the terms, conditions and manner of payment thereof. All rates and charges shall be subject to review and prior written approval by the Contracting Officer. Rates and charges that will be effective from January 1, 1995 to December 31, 1995 shall be included in proposer's response to this RFP, including any long-term discount to be offered; i.e., three-month, six-month, twelve-month rate. Subsequent rate adjustments shall be submitted to the Contracting Officer, or his designee, in writing no later than ninety (90) days prior to the proposed effective date of the new rates.

28. **CONTRACT FORMS**

Contractor shall provide all contracts and associated forms for advertising space leases, subject to the prior approval of the Authority. Among other provisions, each contract must contain a provision which prohibits the subleasing of advertising space without the expressed permission of the Authority. All intended contract language, including terms and conditions, must be included with the proposer's response to this RFP.

29. **COOPERATIVE PROMOTIONS**

From time to time, the Authority enters into cooperative promotional agreements with retailers or other organizations that have events occurring or have businesses within the Washington Metropolitan Area. The purpose of these agreements is to encourage the use of public transportation to a specific activity, event or retail area and, at the same time, promote attendance at the activity, event or retail area. The Authority may use its space as described in Sections 23 and 24 above for this purpose.

30. **USE OF UNSOLD SPACE BY CONTRACTOR**

The Contractor may, from time to time, use any unleased advertising space on or in Metrobuses for purposes which directly further the leasing of such space. At no time will the Contractor offer any prospective client the use of any space at a rate which is less than the rate stated in the approved rate card, without prior approval of the Authority. Any "gratis" use of space by the contractor for purposes such as "Poetry on the Buses," "Streetfare Journal," etc. shall be approved by the Authority prior to installation.

31. **POLICY ON NO EMPTY SPACES**

Contractor shall commit to a policy of "No Empty Spaces". Those spaces not filled by paid advertising shall be filled with public service advertising, as approved by the Authority, Metrobus and Metrorail system information and/or cooperative promotions, the Contractor's self promotion material, gratis advertising, such as "Poetry on the Buses" or "Streetfare Journal" and Ad Council filler copy. Authority information and cooperative promotion material shall always have priority. The Contractor shall maintain an adequate inventory of Metrobus and Metrorail system information and promotion that shall be printed and provided at the Authority's cost but shall be prepared and posted by the Contractor at no cost to the Authority.

32. **USE OF CORRUGATED PLASTIC**

The Contractor, in cooperation with the Authority, shall require that all "local" taillight advertising and taillight public service advertising be produced on an approved transit-grade pressure sensitive vinyl, or on 3/16" corrugated plastic. Contractor should encourage all advertisers to utilize these materials to the fullest extent possible on all sizes of exterior advertising.

33. **LEASING AND FINANCIAL RECORDS**

Contractor, shall maintain separate sales and financial records relating to each account of the Metrobus revenue advertising program.

34. **BILLINGS AND COLLECTIONS**

The Contractor shall perform all billings and collections connected with the lease of advertising space on Metrobuses. The Authority shall not be responsible, in any way, for any uncollected billings. Contractor shall maintain complete and accurate accounts of all leases, billings, and other pertinent matters, relating to this Contract, and will submit them, without notice, to audit by the Authority.

35. **GRANT**

That for an in consideration of the payments and agreements heretofore mentioned to be made by the Contractor, the Authority does hereby grant to the Contractor, for the term stated, an exclusive right and privilege to lease and display advertising in those spaces where advertising matter is ordinarily and customarily exhibited, as authorized by the Authority on the inside and outside of all buses which are now or may be subsequently owned, leased or operated by WMATA. That right shall not include advertising matter printed in circular or hand-out form to be distributed in the on-board "take one" racks or by the bus operators or which may be printed on the transfer and/or tickets themselves, these rights being expressly reserved by WMATA.

36. **RULES AND REGULATIONS**

The Contractor, while exercising rights and privileges granted under this Contract, must observe and obey all rules and regulations authorized by law or by WMATA for the care, operation, maintenance and protection of the Metrobus system. Failure of the Contractor, or anyone under its control, to observe and obey such rules and regulations shall, at the option of the Authority, be cause for termination of the Contract.

37. **INDEPENDENT CONTRACTOR**

The Contractor is an independent contractor, and nothing in this Contract is intended to create, and nothing herein shall be construed, as creating any co-partnership or joint venture between WMATA and the Contractor, or as constituting the Contractor as an agent or representative of the Authority for any purpose whatsoever. The payment of consideration to WMATA has been adopted by the parties hereto solely as a convenient means for measuring the value of the rights and privileges herein granted.

38. **EMPLOYEES OF THE CONTRACTOR**

- a. The Contractor shall require its employees, who come in contact with the public, if directed by the Authority in writing, to wear uniforms or other identification items by which they may be distinguished as employees of the Contractor.
- b. The Contractor shall not employ or retain in its services, or permit to remain on the premises, any person declared, for cause, to be unfit for such employment or otherwise objectionable.
- c. The Contractor shall require its employees in all circumstances to exercise courtesy and consideration in all dealings with the public and WMATA employees.

- d. The Contractor must file with the Contracting Officer, a list of the names of Contractor's employees who are to perform work on the Authority's premises.

39. **SHOP AND STORAGE SPACE**

No shop or storage space on the properties of the Authority shall be provided under the terms of this Contract. The Contractor shall be responsible for the provision of any shop or storage space required to satisfy the terms of this Contract.

40. **FEDERAL, STATE AND LOCAL LAW**

The Contractor shall comply, at its own cost and expense, with all Federal, State and local laws, county and local ordinances, rules or regulations now or hereafter in force, which may be applicable to its operations within the Metro transit system, including obtaining and paying for all licenses and permits necessary for operation, and the payment of all fees and charges assessed under Federal, State, County or local statutes or ordinances insofar as they apply to the franchisee operation.

41. **INDEMNIFICATION AND INSURANCE**

- a. The Contractor shall save and keep harmless and indemnify the Authority against any and all liability, claims, and the cost of whatsoever kind and nature arising or alleged to arise for injury, including personal injury to or death of any person or persons, and for loss or damage to any property, occurring in connection with or in any way incident to or arising out of the occupancy, use, service, operations, or performance of work in connection with this contract, resulting in whole or in part from the acts, errors, or omissions of the Contractor, any Subcontractor or any employee, agent or representative of the Contractor or Subcontractor.
- b. The Contractor shall, during the entire period of performance under this Contract, be responsible for and make good at no additional cost to the Authority all damage to Authority property caused by his acts and those of his employees, subcontractors and subcontractors' employees in carrying out the operations required by this contract.
- c. The Contractor shall procure and maintain, at his own cost and expense, during the entire period of the performance under this Contract, the following types of insurance:
 - (1) Workers' Compensation: The Contractor shall maintain a policy complying with the requirements of the statutes of the jurisdiction(s) in which the Contract work will be performed, and if there is any

exposure to any of the Contractor's or Subcontractors' personnel, with the U.S. Longshoremens and Harbor Workers' Act, Jones Act or Admiralty Laws and the Federal Employers' Liability Act. The coverage under such policy shall have not less than the following limits:

WORKERS' COMPENSATION:	Statutory	
EMPLOYERS' LIABILITY:	Each Accident	\$500,000
	Disease Policy Limit	\$500,000
	Disease-Each Employee	\$500,000

- (2) Commercial General Liability Insurance: The Contractor shall maintain a Commercial General Liability Insurance policy, or its equivalent or better, issued to and covering the liability of the Contractor for all work and operations under or in connection with the Contract as well as all obligations assumed by the Contractor under this Contract. Personal Injury Liability, Board Form Property Damage Liability and Contractual Liability coverages are to be included.

The coverage under such an insurance policy, or policies, shall have not less than the following limits:

PERSONAL INJURY AND PROPERTY DAMAGE LIABILITY:
\$3,500,000 - Combined Single Limit Each Occurrence

The Authority shall be included as an additional insured under such Commercial General Liability insurance with respect to all activities under this contract.

- (3) Automobile Liability Insurance: The Contractor shall maintain an automobile liability insurance policy covering the use of all owned, non-owned, hired, rented or leased vehicles bearing, or, under the circumstances which they are being used, required by the Motor Vehicle Laws of the District of Columbia, Maryland or Virginia, to bear license plates and not covered under the Contractor's Commercial General Liability Insurance aforementioned. The coverage under such policy, or policies, shall not be less than a combined Single Limit for bodily injury liability and property damage liability of \$1,000,000 each occurrence.

The Authority shall be included as an additional insured under such Automobile Liability Insurance with respect to all activities under this contract.

- (4) Professional Liability Insurance: The Contractor shall maintain Professional Liability Insurance to pay on behalf of the Contractor all

sums which the Contractor shall become legally obligated to pay as a result of any claim for damages caused by any negligent professional act, error, or omission of the Contractor or any other person whose acts the Contractor is legally liable arising out of the performance of this contract. The coverage under such Professional Liability Policy shall have not less than \$3,500,000 per claim.

- (5) Special Provisions for Insurance: Contractor shall forward to the Contracting Officer, or his designee, for approval a certificate or certificates, issued by the insurer(s), for the insurance required under the foregoing provisions, including special endorsements. Such certificate(s) shall be in a form satisfactory to the Authority and shall list the various coverages and limits. Insurance companies providing the coverages must be rated by A.M. Best and carry at least an "A" rating. In addition to any provisions herein before required, a provision of such insurance policies shall not be charged or cancelled and they will be automatically renewed upon expiration and continued in full force and effect until final acceptance by the Authority of all work covered by the contract, unless the Authority is given thirty (30) days written notice before any change or cancellation is made effective. The Contractor shall directly furnish the Office with a certified copy of each insurance policy upon request.

All insurance shall be procured from insurance or indemnity companies acceptable to the Authority and licensed and authorized to do business in the District of Columbia, State of Maryland and the Commonwealth of Virginia. Authority approval or failure to disapprove insurance furnished by the Contractor shall not release the Contractor of full responsibility for liability, damage or accidents.

If at any time the above required insurance policies should be cancelled, terminated, or modified so that the insurance is not in full force and effect as required herein, the Contracting Officer, or his designee, may terminate this Contract for default or obtain insurance coverage equal to that required therein, the full cost of which shall be charged to the Contractor and deducted from any payments due the Contractor.

The Contractor shall require each subcontractor, at all tiers, to provide insurance coverages specified herein and such evidence of insurance shall be provided to the contractor prior to commencement of work. Such coverage shall remain in full force and effect during the performance of work relative to this contract.

Any contract of insurance or indemnification naming the Authority, the United States of America or any of its departments, agencies,

administration or authorities, shall be endorsed to provide that the insurer will not contend in the event of any occurrence, accident, or claim that the Authority or the United States of America, et al, are not liable in tort by virtue of the fact of being governmental instrumentalities or public or quasi-public bodies.

No separate payment will be made for providing insurance as prescribed herein but the cost thereof shall be included in the prices for the various items as set forth in the Unit Price Schedule.

In the event the required certificates of insurance, as specified herein, are not furnished within ten calendar days after date of award of the contract, the Contracting Officer, or his designee, may issue the Notice to Proceed and contract time will start upon Contractor's receipt of Notice to Proceed. However, in no event, shall work at the site be performed until the required certificates of insurance have been furnished.

42. **NOTICE**

Notice to the Authority shall be sufficient if sent by certified mail, postage prepaid, addressed to the Contracting Officer, or his designee, at the Washington Metropolitan Area Transit Authority official address. Notices to the Contractor shall be sufficient if sent by certified mail, postage prepaid, addressed to the Contractor at the address set forth in the Contract, or to such other addresses as the parties to the Contract may designate in writing from time to time.

43. **RIGHT OF INGRESS AND EGRESS**

The Authority hereby grants, subject to rules of the Authority, the right to duly authorized and properly identified representatives of the Contractor to enter upon the Authority's buses and maintenance/storage yards for the purpose of inspecting advertising space and other purposes necessary to carry out the requirements of this Contract, provided such work does not interfere with maintenance, repair or operation of vehicles or other property by the Authority.

44. **WAIVER OF PERFORMANCE**

The failure of the Authority to insist in any one or more instances upon a strict performance by the Contractor of any of the provisions, terms, covenants, reservations, conditions or stipulations contained in the Contract shall not constitute nor be construed as a waiver or relinquishment thereof for the future, but shall continue and remain in full force and effect, and no waiver by the Authority of any provisions, terms, covenants, reservations,

conditions or stipulations hereof shall be deemed to have been made in any instance unless specifically expressed in writing by the Authority as an amendment to the Contract.

45. **REMOVAL OF EQUIPMENT**

Upon termination of this Contract by either the Contractor or the Authority, for any reason, the Contractor shall remove, at its sole cost and expense, from the property and premise of the Authority all advertising related equipment which the Authority, does not own, and shall restore said property and premises to the condition that existed immediately prior to the commencement of this contract, less reasonable wear and tear. Failure to effect this removal within thirty (30) days of notification shall cause the Authority to effect such removal and restoration of the Contractor's expense.

46. **LABOR**

The Contractor shall provide its own labor force, at its own expense, to perform all work required in connection with the installation of all advertising hardware and to install, change and remove advertising displays in and on Metrobuses.

47. **DAMAGE TO METROBUSES**

The Contractor shall reimburse WMATA for the cost of repairs for any damage to a Metrobus caused by the installation or removal of a frame or while replacing advertising copy, or any other reason caused by the Contractor. The cost of repairs shall include all material and labor. Labor cost shall be at the current rate plus fringe benefits.

48. **HOUSEKEEPING BY CONTRACTOR**

The Contractor agrees that its representatives and employees will not deface or damage the buses, or any property of the Authority, or deposit or scatter any rubbish, waste, or litter in or about the buses or premises of the Authority, and that it will, at its own expense, promptly remove any such rubbish, waste and litter caused by any of its representatives or employees.

49. **SUPPLEMENTAL CLEANING OF ADVERTISING DISPLAYS**

While the Authority continually makes a good faith effort to keep the interiors and exteriors of Metrobuses in a reasonably clean condition, so that the ability of the Contractor to sell and renew advertising accounts will not be impaired, the Authority cannot guarantee the cleanliness of its buses or the Contractor's advertising installed thereon. Contractor should take whatever

steps are necessary to supplement WMATA's efforts in the cleaning of frames and advertising display surfaces.

50. **SERVICE INTERRUPTIONS**

In the event there is a temporary service interruption for more than three (3) consecutive days, of thirty percent (30%) or more of What's peak hour bus service, by reason of labor dispute, fire, flood, earthquake, act of God or public emergency, thereby causing loss of income to the Contractor, the annual guarantee shall be reduced on a pro-rata basis for the period of time of such interruption, or be reduced by the amount of money refunded to advertisers due to the interruption, whichever sum shall be the less of the two.

51. **AUTHORITY COPIES OF CONTRACTS/ORDERS**

The Contractor shall forward one (1) copy of each fully executed leasing contract, renewal contract and change order to the Authority within five (5) days of execution.

52. **ALCOHOL AND TOBACCO RESTRICTION**

The leasing of advertising space for alcohol and tobacco related products shall be consistent with Board Resolution #94-36 adopted on June 9, 1994. Specifically, advertising for alcohol and tobacco related products shall together, account for no more than: 20% of revenue from advertising in the first contract year; 15% of the revenue from advertising during the second contract year; 10% of the revenue from advertising during the third contract year; and 5% of revenue from advertising during the fourth contract year. During the final year of the contract, no alcohol or tobacco advertising will be permitted. For the purpose of this restriction, the percentages stated refer to alcohol and tobacco as a combined category, and refer to all advertising, except whole-bus advertising. No alcohol or tobacco advertising will be permitted as part of the whole-bus program.

53. **TRADE/BARTER AGREEMENTS**

The Contractor shall be permitted to enter into "Trade/Barter" contracts for any product, service or event, except media (TV, Radio, Print) provided that the contractor shall compensate the Authority for such trade/barter contracts in the same manner compensation for cash contracts are made, by paying the Authority monies equal to the percentage required in the Payment Schedule. From time to time, the Authority may authorize the use of excess space to barter for TV, Radio or Print media. After prior approval, the contractor shall barter said media on behalf of the Authority. All contracts for trade or barter shall clearly indicate such on the face of the contract.

54. **OVERPOSTING**

The practice of overposting for the purpose of assuring sufficient advertising exposures for fulfilling the terms of contracts with advertisers will be permitted provided, however, that the required number of spaces for public service advertising are maintained as available and that any overposting above fifteen percent (15%) of the contracted space sold shall require prior authorization in writing by the Contracting Officer. Violation of this provision shall be subject to payment of a cash penalty equal to three times the one-month, approved rate (e 15% limit).

Any penalty payment required by this section shall be paid by the Contractor within 30 days after notification by the Authority, and shall be made without regard to any other payment or payments required under this Contract.

55. **ASSIGNMENT OF CONTRACTS FOR ADVERTISING**

Upon expiration of the term of this Contract or the extension thereof, or upon earlier termination not attributable to default by the Contractor, the Contractor shall immediately assign and transfer to WMATA, and WMATA agrees to accept, all contracts for advertising on WMATA buses which are in effect, and such contracts shall there upon become the property of WMATA. All advertising contracts written by the Contractor shall expressly permit such assignments. Following such assignment and transfer, WMATA or its assigns shall pay to the Contractor, when and as received, twenty percent (20%) of the gross income received from such contracts for the unexpired period of the contract. Contractor shall not enter into any contract with advertisers that extend more than twelve (12) months beyond the expiration date of this Contract.

56. **ADJUSTMENT TO SIZE OF OPERATING FLEET**

In the event of a reduction, or increase, of fifteen percent (15%) or more in the number of Metrobuses operating peak-hour service in any calendar year, the parties agree to consider adjustments as appropriate under the provisions of this Contract.

57. **PHOTOGRAPHS OF ADVERTISING**

Within five calendar days from the installation of the first piece of copy of either a new or changed display, the Contractor shall deliver a photograph, in a format acceptable to the Contracting Officer, of the advertising copy as it is displayed on Metrobuses. A list of the locations where the copy is displayed (Completion Report) shall be provided upon request. Failure of the Contractor to deliver photographs and/or completion reports as required by this section shall require a cash penalty payment equal to the value of the one-month rate of the subject space. Any penalty payment required by this section shall be paid by the Contractor within 30 days after notification by the Authority, and shall be made without regard to any other payment, or payments, required under this Contract.

58. **AUTHORITY AUDITS OF SPACE AND BILLINGS**

The Authority shall perform unscheduled and unannounced audits of advertising space for the purpose of monitoring the Contractor's performance and compliance with the terms and conditions of the Contract. The findings of these physical audits shall be one basis for assessment of penalty payments prescribed herein. The findings shall be compared to advertiser's contracts provided by the Contractor to assure posting compliance and proper billing by the Contractor. The findings shall be considered public information and may be provided to advertisers and other transit properties at the discretion of the Authority. Formal reports containing the Authority's findings will be transmitted to the Contractor for response and comment. Response to questions requiring action or comment by the Contractor shall be made within ten working days from Contractor's receipt of report. Receipt of the report shall also be considered as notification for penalty payments required by specific sections of this Contract.

59. **SEVERABILITY**

The provisions of this contract are severable and if any phrase, clause, sentence or provision of this contract is declared to be unconstitutional or the applicability of such provision to any party is held invalid, the constitutionality of the remainder of the agreement and the applicability in other circumstances shall not be affected thereby.

In the event that any provision of this contract, or any provision of any attachment which is incorporated herein, is held unconstitutional, in whole or in part, the remainder of the contract and the attachments will continue in full force and effect. It is the intent of the parties to the contract that this contract shall be construed so as to render it constitutional.

CONTRACT Z-42306

ATTACHMENT 'A'

**PERTINENT FACTS ABOUT THE AUTHORITY
AND
THE METROBUS FLEET**

The Washington Metropolitan Area Transit Authority was created by Interstate Compact on February 20, 1967 pursuant to Public Law 89-774, as passed by Congress. The Authority's primary function is to plan, develop, finance and operate a coordinated transportation system within the Washington Metropolitan Area Transit Zone. This Zone is comprised of the District of Columbia, the cities of Alexandria, Falls Church and Fairfax, the counties of Arlington and Fairfax and the political subdivisions of the Commonwealth of Virginia located within those counties, and the counties of Montgomery and Prince George's in the State of Maryland and political subdivisions of the State of Maryland located within those counties. The Authority is governed by a Board of six Directors consisting of two Directors from each signatory jurisdiction and six alternates.

The transit zone described above has an area of 1,494 square miles and a population of 3,223,000. (Bureau of the Census - 1990 Census)

As of July 1, 1994, the Metrobus fleet consists of 1,442 buses. Of this number, 1,283 buses are scheduled to operate peak hour service and 159 are held in the divisions for spares. There are 376 buses scheduled to operate on Saturdays and 252 on Sundays.

It is expected that 104 new 40 foot Flexible buses will be delivered over a three month period beginning in November 1994. There are also 30 new 60 foot articulated buses on order that will be delivered over a four month period beginning in January 1995. These buses will be used to replace the oldest buses in the Metrobus fleet.

The Authority also owns 14 GMC RTS II Model buses that currently out of service undergoing rehabilitation. It is expected that all of these buses will be returned to service prior to January 1, 1995. When returned to service, these buses will have a direct-application king on both sides and a direct application tail. These buses will be used to replace older buses with a framed "King - Queen - Tail" configuration.

Metrobuses are garaged at ten (10) different locations within the Washington Metropolitan Area. The garage locations and current bus assignments per garage are detailed on the following page:

Arlington Annex*	60 Buses
707 N. Randolph Street Arlington, Virginia 22203	
Bladensburg Division	292 Buses
2251 26th Street, N.E. Washington, D.C. 20018	
Four Mile Run Division.....	217 Buses
3501 South Glebe Road Arlington, Virginia 22202	
Landover Division	152 Buses
3433 Penny Drive Landover, Maryland 20785	
Montgomery Division	153 Buses
5400 Marinelli Road Rockville, Maryland 20852	
Northern Division	169 Buses
4615 14th Street, N.W. Washington, D.C. 20011	
Royal Street Division*	84 Buses
600 N. Royal Street Alexandria, Virginia 22314	
Southern Avenue Annex*	54 Buses
4421 Southern Avenue Coral Hills, Maryland 20743	
Southeastern Division	133 Buses
17 "M" Street, S.E. Washington, D.C. 20003	
Western Division	128 Buses
5248 Wisconsin Avenue, N.W. Washington, D.C. 20016	

CONTRACT Z-42306

ATTACHMENT 'B'

METROBUS FLEET
AND
AUTHORIZED ADVERTISING LOCATIONS

	Quantity
40 Foot Fluted-side GMC/Blitz (1001-6699).....	307
Curb Side - One (1) Queen Size Frame	
Street Side - One (1) King Size Frame	
Rear - One 21" x 72" Frame	
35 Foot Fluted-side GMC/Blitz (2545-2568).....	6
Curb Side - One (1) Queen Size Frame	
Street Side - One (1) King Size Frame	
Rear - One 21" x 72" Frame	
40 Foot Fluted-side Flexible (8031-8661).....	278
Curb Side - One (1) Queen Size Frame	
Street Side - One (1) King Size Frame	
Rear - 21" x 72" Frame	
40 Foot Fluted-side Flexible Suburban Coaches (101-112)	11
Curb Side - One (1) King Size Frame	
Street Side - One (1) King Size Frame	
Rear - One 21" x 72" Frame	
35 Foot Fluted-side Flexible Midibus (5051-5070)	18
Curb Side - No Advertising	
Street Side - One (1) Queen Size Frame	
Rear - One 21" x 72" Frame	
30 Foot Smooth-side Gillig Phantom (5080-5099)	20
Curb Side - No Advertising	
Street Side - One (1) Queen Size Frame	
Rear - One 21" x 72" Frame	

* These Divisions do not operate any Saturday, Sunday or Holiday service. Note: Quantities of buses assigned to each division are accurate as of July 1, 1994.

55 Foot Smooth-side MAN Articulated (5001-5043)	42
Tractor Section	
Curb Side	- One (1) Direct Application King
Street Side	- One (1) Direct Application King
Trailer Section	
Curb Side	- No Advertising
Street Side	- One (1) Direct Application Queen
Rear	- One (1) 21" x 72" Frame
60 Foot Smooth-side MAN Articulated (5101-5133).....	32
Tractor Section	
Curb Side	- One (1) Direct Application King
Street Side	- One (1) Direct Application King
Trailer Section	
Curb Side	- No Advertising
Street Side	- One (1) Direct Application Queen
Rear	- One (1) 21" x 60" Frame
30 Foot Smooth-side Flxible Midibus (5151-5185)	35
Curb Side	- No Advertising
Street Side	- One (1) Queen Size Frame
Rear	- One (1) 21" x 72" Frame
40 Foot Smooth-side Flxible (8700-9480)	486
Curb Side	- One (1) King Size Frame
Street Side	- One (1) King Size Frame
Rear	- One (1) 21" x 72" Frame
35 Foot Smooth-side Flxible (9481-9498)	18
Curb Side	- One (1) Queen Size Frame
Street Side	- One (1) King Size Frame
Rear	- One (1) 21" x 72" Frame
40 Foot Smooth-side Neoplan (9509-9568)	10
Curb Side	- One (1) King Size Frame
Street Side	- One (1) King Size Frame
Rear	- No Frame
40 Foot Smooth-side Orion (9601-9660)	60
Curb Side	- One (1) Direct Application King
Street Side	- One (1) Direct Application King
Rear	- One (1) Direct Application Tail
40 Foot Smooth-side Fixible (9701-9835)	120
Curb Side	- One (1) Direct Application King
Street Side	- One (1) Direct Application King
Rear	- One (1) 21" x 72" Frame

CONTRACT Z-42306

ATTACHMENT 'C'

AUTHORIZED ADVERTISING RACKS AND FRAMES

The sizes of advertising permitted on Metrobuses are restricted by District of Columbia and by actions of the WMATA Board of Directors. The purpose of this attachment is to make proposers fully aware of the types of frames and racks that are presently installed on Metrobuses and those types of frames and racks that will be required under Contract #Z-42306.

Exterior Side Frames

All king size (30" x 144") and queen size (30" x 88") side frames provided under this contract shall be open-back aluminum frames with rounded corners. All frames are to be installed so as not to obstruct the side emergency door, the emergency exit function of windows or the free access to any compartment doors. One-half inch spacers shall be used between all exterior advertising frames and the bus body.

Exterior Rear Frames

All rear frames shall be open-back aluminum frames with square corners. All frames installed on the rear of buses shall lay flush with the contour of the body panel on which they are mounted. On some early Flxible models, two radius cuts are required at the bottom of the frame to accommodate the back-up lights.

Interior Longitudinal Racks

Each Metrobus (except thirty GMC Silversides, buses 1001 -1030) has the standard 11 inch curved longitudinal advertising racks that run from the front to the rear of the bus on both sides above the windows. Some of these longitudinal racks are installed directly to the bus body and some are incorporated into the lighting fixture. Advertising placed in the longitudinal racks shall be held securely in place with the appropriate size straps at both ends.

Interior "Hi-Light Square" Frames

Most buses also have interior frames that display advertising measuring twenty-one (21) inches wide and twenty-two (22) inches high. These frames are mounted either on the bulkhead just to the rear of the bus operator's platform or on, and in line with, the longitudinal racks. All interior 21" x 22" advertising frames shall be attached in such a manner as to prevent any vibrating or rattling.

CONTRACT Z-42306**ATTACHMENT 'D'****GUARANTEE PAYMENTS UNDER EXISTING CONTRACT**

Transportation Displays, Incorporated is presently providing the revenue producing advertising services for the Authority's Metrobus System, pursuant to a contract which became effective on February 1, 1985 and expires on December 31, 1994.

So that all prospective proposers have a basis from which to develop their proposals, the minimum annual guarantees paid pursuant to the contract are presented below. These payments are based on interior, king, queen and taillight inventory. Whole bus advertising was not a part of the existing base contract.

1985	-	\$2,062,500	1990	-	\$3,305,988
1986	-	\$2,430,000	1991	-	\$3,570,467
1987	-	\$2,624,400	1992	-	\$3,856,104
1988	-	\$2,834,352	1993	-	\$4,164,592
1989	-	\$3,061,100	1994	-	\$4,497,759

THE TRANSPORTATION RESEARCH BOARD is a unit of the National Research Council, which serves the National Academy of Sciences and the National Academy of Engineering. It evolved in 1974 from the Highway Research Board, which was established in 1920. The TRB incorporates all former HRB activities and also performs additional functions under a broader scope involving all modes of transportation and the interactions of transportation with society. The Board's purpose is to stimulate research concerning the nature and performance of transportation systems, to disseminate information that the research produces, and to encourage the application of appropriate research findings. The Board's program is carried out by more than 270 committees, task forces, and panels composed of more than 3,300 administrators, engineers, social scientists, attorneys, educators, and others concerned with transportation; they serve without compensation. The program is supported by state transportation and highway departments, the modal administrations of the U.S. Department of Transportation, the Association of American Railroads, the National Highway Traffic Safety Administration, and other organizations and individuals interested in the development of transportation.

The National Academy of Sciences is a private, nonprofit, self-perpetuating society of distinguished scholars engaged in scientific and engineering research, dedicated to the furtherance of science and technology and to their use for the general welfare. Upon the authority of the charter granted to it by the Congress in 1863, the Academy has a mandate that requires it to advise the federal government on scientific and technical matters. Dr. Bruce Alberts is president of the National Academy of Sciences.

The National Academy of Engineering was established in 1964, under the charter of the National Academy of Sciences, as a parallel organization of outstanding engineers. It is autonomous in its administration and in the selection of its members, sharing with the National Academy of Sciences the responsibility for advising the federal government. The National Academy of Engineering also sponsors engineering programs aimed at meeting national needs, encourages education and research, and recognizes the superior achievements of engineers. Dr. Robert M. White is president of the National Academy of Engineering.

The Institute of Medicine was established in 1970 by the National Academy of Sciences to secure the services of eminent members of appropriate professions in the examination of policy matters pertaining to the health of the public. The Institute acts under the responsibility given to the National Academy of Sciences by its congressional charter to be an adviser to the federal government and, upon its own initiative, to identify issues of medical care, research, and education. Dr. Kenneth I. Shine is president of the Institute of Medicine.

The National Research Council was organized by the National Academy of Sciences in 1916 to associate the broad community of science and technology with the Academy's purposes of furthering knowledge and advising the federal government. Functioning in accordance with general policies determined by the Academy, the Council has become the principal operating agency of both the National Academy of Sciences and the National Academy of Engineering in providing services to the government, the public, and the scientific and engineering communities. The Council is administered jointly by both Academies and the Institute of Medicine. Dr. Bruce Alberts and Dr. Robert M. White are chairman and vice chairman, respectively, of the National Research Council.