



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 10204

File ID: 10204 **File Type:** Resolution **Status:** Items Referred

Version: 2 **Reference:** **Controlling Body:** BOARD OF ESTIMATES

File Created Date : 04/28/2008

File Name: Full Bus Wraps Not to Exceed 20 Per Year **Final Action:**

Title: SUBSTITUTE - Authorizing an amendment to the Metro Transit Advertising and Leased Space Policy to allow fully illustrated transit advertisements on Metro Coaches, not to exceed ~~ten~~ 20 full wraps per year.

Notes:

CC Agenda Date: 05/06/2008

Sponsors: Jed Sanborn

Enactment Date:

Attachments: Full Wrap Ads - Feedback and Photos TPC
05.13.08.pdf ,10204 petition.pdf ,10204 letter from
David Waugh.pdf ,Leg File 10204 - Version 1.pdf
,Wrapped Bus Summary BOE

Enactment Number:

Author: Chuck Kamp, Alder Jed Sanborn

Hearing Date:

Entered by: abenishek-clark@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	MADISON METRO TRANSIT SYSTEM	04/28/2008	Referred for Introduction				
	Action Text: This Resolution was Referred for Introduction						
	Notes: Transit and Parking Commission, Board of Estimates						
1	COMMON COUNCIL	05/06/2008	Refer	TRANSIT AND PARKING COMMISSION		05/13/2008	
	Action Text: This Resolution was Refer to the TRANSIT AND PARKING COMMISSION						
	Notes: Additional Referral(s): Board of Estimates						
1	TRANSIT AND PARKING COMMISSION	05/06/2008	Refer	BOARD OF ESTIMATES			
	Action Text: This Resolution was Refer to the BOARD OF ESTIMATES						
	Notes:						
1	BOARD OF ESTIMATES	05/12/2008	Refer	BOARD OF ESTIMATES			Pass
	Action Text: A motion was made by Verveer, seconded by Rhodes Conway, to Refer to the BOARD OF ESTIMATES next meeting. The motion passed by voice vote/other.						
	Notes:						

2	TRANSIT AND PARKING COMMISSION	05/13/2008	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
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Action Text: [PLEASE NOTE: This agenda item followed Item F.4.]

Durocher read the statements of the following registrants:

· Barbara Smith, 31 Sherman Terrace, Apt. 3, 53704: I do not like the bus wraps. Content of the ads are a concern to me. Currently the beer wraps undermine city and county efforts to limit alcohol abuse. I am particularly concerned that there could be a bus wrap to promote military service. Bus wraps limit visibility for bus riders and degrade the riding experience. It adds too much aggressive commercialism to the life of the bus rider, without enough in return to the city. Please end the full bus wraps.

· David Waugh, 1213 E. Mifflin, 53703: Please remove all wraps. A significant percentage of ridership opposes them.

Durocher commented that a document of online survey results containing public feedback had been made available to members as well.

Mick Rusch of Metro, and Michelle Reddington of Adams Advertising were invited to come to the table. Kamp provided some background. The current contract with Adams ran from January 2007 to December 2009. Rather than taking action ahead of TPC, BOE had referred the resolution to their next meeting. Full wraps had been a high visibility topic. Metro was looking for a balanced approach, to recognize the way these ad revenues helped Metro with its budgetary issues, but also to recognize people's concerns about full bus wraps.

Metro was bringing this before the TPC now because the bus wrap pilot began in March 2007; and being May 2008, there were clients interested in one-year contracts, which wouldn't fall within the time of the two-year pilot. Metro wanted clarification for this, to guide Adams over the balance of their 3-year contract, and to provide stability on this issue. The resolution proposed ten full bus wraps, with clarification to allow partial wraps to cover some windows, in order to keep Metro in a positive, increasing revenue stream.

Kamp said Metro had partial wraps from one or two vendors that didn't cover any of the windows. Given the controversy over covering windows and given the potential revenue that could be generated, Metro wanted to make it clear that if the number of full wraps were reduced to ten, Adams would be given the flexibility to cover some of the windows. Pointing to sample photos, Kamp said half wraps would allow light in on one side and better visibility. "King Kongs" went from the bottom to top of the bus but a front and back window left uncovered. Metro was looking at that kind of adjustment to the policy for the balance of the contract with Adams, to maintain its revenue stream for balance of the three years; with the possibility of looking at an extension to the contract later on. Metro wanted to know what the ad wrap policy should be, for the remainder of the first three years of their contract with Adams.

Referring to a question raised at BOE, Sanborn wondered if it were feasible to make contracts for less than a year, and whether this would harm Adams' ability to sell ads. Reddington said the issue for most clients re: signing up for a year was the substantial production cost of \$6,500 paid by them. With space costs about \$3,200/month, most advertisers wanted to invest long-term, to spread out the production cost over the length of the contract. To, for example, run an ad two months wouldn't work for most advertisers. Reddington said shorter-term contracts would definitely diminish their ability to find advertisers.

Sanborn noted that the potential difference to Metro between 20 full wraps vs. 10 would be \$153,600, which would be above/beyond the guarantee. Kamp said that the effort to clarify the definition of partial wraps was an attempt to recover some of the \$153,600, in order to stay as close to the revenue stream as was originally projected. Reddington said that partial wraps sold for about half the price of a full wrap. Kamp said that the resolution would allow for an unlimited number of partials, as was the case now; and it clarified that King Kongs were included in the definition of partial wraps. Referring to another question at BOE, Kamp said that 57% of the bus stops had "enunciation" (announcing the stop). [PLEASE NOTE: Streit left the meeting at 8:50 PM, at this point in the meeting.]

Based on ad revenues for Years 2 and 3, members observed that there would be a loss of approximately \$125K/year if there were no full wraps; which, when divided by 15 buses, amounted to between \$8K and 10K per bus. Rusch said that Year 1 was the start-up year for full wraps, so it would not be a representative year. Kamp said that the projection for Year 3 of \$225K, which assumed no wrapped buses, could be as much as \$300K with 10 full wraps and the partial wraps as newly defined by the resolution.

With huge concern about windows and acknowledging that the half wraps and King Kongs were a little better, Solomon wondered if there were any options that would keep the windows clearer. He liked the "Find a Gem" example better than the "Kansas State Fair." Reddington clarified that the King Kong would have advertising on one side of bus (on the driver side), while the other side (door side) would be kept clear; which meant only four windows would be covered. Adams had tried to come up with some creative alternatives to full wraps, and still generate the revenue needed.

Durocher noted that having the passenger side clear would help address passenger complaints about the difficulty of seeing out of screened windows, esp. towards out the side of the bus facing their destination. Comparing revenues of King Kong/partial wraps to full wraps. Reddington said that partial wraps would bring in about \$1,000/month vs. \$3,200/month for full wraps. Adams would offer many different types/sizes of partial wraps at different monetary levels; for example, a half wrap (also on the driver's side of the bus only) could bring in \$1,500 to \$1,600/month.

Durocher clarified with Kamp what members would be acting on: whether to keep the pilot a truly two-year pilot; or to create a policy to cover the remainder of the 3-year contract with Adams, which would be used if the contract were extended. Webber added that the question was also about having 10 full wrap buses.

A motion was made by Poulson, seconded by Sanborn, to recommend adoption of the resolution.

While wanting Metro to have the financing it needed, Webber said she was offended by the fact that buses were the only things being considered for advertising. The idea that we were offending people's sensibilities while at same time making it hard for them to see out of the buses, (and while at the same time in a different committee trying to reduce the number of billboards in the city), was difficult for her to swallow. It was very hard for her to vote every time this issue came up. She and many other people didn't like the bus wraps, due to visibility, safety and other issues. Some had problems with the types of ads, and some thought them visual pollution. By contrast, we didn't put ads on fire trucks or city plows; why did Metro have to go begging for money, while these other city services didn't?

Durocher asked for a 5-minute recess in order to make a phone call. Webber/Solomon moved to recess. Later, Durocher called to meeting back to order.

Hoag was strongly in support of wrapping buses for several reasons.

- For lack of \$26K from the Town of Madison, we are talking about stopping the Route 13, which could include important stops along the route within Madison. This was a good indication that they needed to look at and pursue all financial options.
- He understood sentiments in statements about local, state and national preferences for transportation, which put us in the position of having to go out and look for advertising money to finance our public transit systems. But buses were big flat surfaces amenable to advertising, while fire trucks/snow plows were not; plus buses were on the road every day.
- In Europe, where buses receive much greater support and there were fantastic transit systems, even the most progressive and beautiful cities had wrapped buses and streetcars. Why was Madison different?
- Though he might be in the minority, he thought the ads made the buses look better. He also liked reading on the bus, and on sunny days, preferred wrapped buses. There were some visibility issues though that should be weighed. However, on any given issue, those opposed always spoke out, and we didn't often hear from those who supported. In talking to his neighbors, some didn't like the darkness of the wraps while others didn't mind at all.

Hoag concluded by saying that we should continue to work to change national policy, but in the mean time, we needed to keep our routes, esp. those like Route 13.

Solomon said that he previously co-sponsored the legislation to increase the number of wrapped buses from 15 to 20, because, while he didn't like bus wraps, he didn't like service cuts more. He wondered what would happen to flexibility and revenue, if Adams sold more ads with the less intrusive wraps. Reddington said there wouldn't be as much revenue because there would be less flexibility with the message: the more room for the message, which lent itself to more creativity, the more excited clients got about the impact their advertising would make. In an example comparing the East Towne half wrap to the DeJope full wrap, Rusch remarked on the greater impact made by full wraps, which generated much more attention.

Understanding that the resolution would decrease the number of full wraps from 20 to 10 and it would increase the flexibility around partial wraps, Solomon wondered how the resolution changed things from a pilot to a policy. Kamp said that when the Assistant City Attorney read the proposal, she said the wording would be better if it referred to Metro's "Advertising and Leased Space Policy" and the contract with Adams, so that it would be very clear that this would be the policy used for the balance of the contract with Adams. Kamp said that when Metro came back at the end of the three years, he hoped that the Commission would be deciding on a contract and not rehashing the issues about the policy.

Kamp clarified that the unlimited partial wraps would include half wraps and King Kongs. Durocher observed that because we hadn't yet used King Kong or half wraps and had no data on them, there was a potential for substantial revenue there. White said that she had been a vocal supporter for full wraps and wrapped advertising on LRMTTP. While she didn't like wraps either, she hated cutting service more. In asking people what they thought, she was surprised that several said they felt motion sickness on the bus. She felt that when the issue became a quality of experience, then that was a big deal. She was really conflicted, and wondered what would happen to revenue if full wraps left two windows open. Reddington said that one window was already left open, behind the front passenger door. Kamp said one of the values of pilot had been exploring the issue of leaving this window open. They found that drivers relied on this window for their observation. As a result, Metro had asked Adams to be flexible about this for future wraps. Typically when the safety issue was explained, most advertisers understood. While happy to hear this, White wondered if one additional window could be left unwrapped without losing too much revenue. Kamp said that staff would rather not over control Adams in this regard.

Sanborn/Poulson moved to amend the resolution to change the words "not to exceed 10 full wraps" in the Title to say "20" (consistent with the current number approved by the Council), which would require eliminating the first sentence in the third paragraph and changing the number to 20 in the first sentence of the final paragraph.

Sanborn also didn't want to cut any services, and felt the difference between 10 and 20 full wraps was significant, esp. in view of tweaks to routes and what that meant. He had ridden on wrapped buses, and didn't think they impaired visibility a lot. Though they might present a problem for some visually impaired, buses had the voice system; and if that wasn't enough, he thought something else could be worked out for them, rather than reducing this program. If it were up to him, he would sell as many as full wraps as possible, and found the ads attractive. He felt there were good reasons why we didn't advertise on other types of city vehicles.

Solomon said he wanted to offer a friendly addition to Sanborn's amendment, to amend the final paragraph to make it clearer that all partial wrap ads would leave some passengers windows uncovered. Sanborn agreed to this.

When asked, Kamp said that the reduction from 20 full wraps to 10 was an effort to address community concerns; Metro knew this was an emotional subject and felt it had an obligation to show they were listening. Durocher stated that if the TPC recommended a reduction from 20 full wraps to 10, he thought a lot of people would be satisfied. He said he did not offer this comment as an argument in the debate, but merely as an observation.

A vote was taken on the Sanborn/Poulson motion to amend the maximum number of fully wrapped buses from 10 to 20, which carried as follows:

Ayes: Hinz, Hoag, Poulson, Sanborn and Solomon

Noes: Webber and White

Excused: McCabe and Streit

Non-voting: Durocher

Webber said she agreed with Solomon that she didn't want to see service cuts. Personally, she was not offended as many others by the wraps, but felt she must listen to the feedback they'd gotten. She was also swayed in part by the fact that other City vehicles and buildings were not used for ads; why not try to get revenue from them? She said she would still vote against this because she had heard from people that the wraps presented a physical problem for them on the bus. She felt that bus service was a basic City service and Metro shouldn't need to go scraping for the money. She would rather cut a road project and all the interest payments on that project, than ask for further degradation of our Metro service. She would vote against this, and if people wanted to know how she would get the money, she said she had lots of places she could find it.

Sanborn felt the need to lay out what he felt was being discussed. They were talking about significant amounts of money that would have an impact on routes and service. On the other hand, 10 to 20 buses would be fully wrapped, not the whole fleet; and they would be continuing the practice of partial wraps and placard advertising as before. He said that while we had cultural norms about placing ads just anywhere, we were accustomed to seeing ads on buses. This was not an "all or nothing" situation, but rather a proposal to keep 20 fully wrapped buses in place.

Durocher made the following comments, which he said came out of his tenure on the LRMTTP Committee, which had been working on ideas to improve service, increase ridership, and upgrade the image of riding a bus, to see it as a choice over a car and not just a necessary service for people who are transit-dependent. His comments also came from personal feedback and from the tabulated feedback indicating that more people were negative about fully wrapped buses than positive. This era of high fuel prices and other concerns made it more important to improve the appeal of mass transit, and to take into account how the ridership viewed it. He would have had easier time making the decision to reduce the number to 10 as an indefinite policy; and now that it was back to 20, he had more difficulty.

Durocher said that the continual struggle with revenue was agonizing, but what was new to him was that Adams had capability to sell King Kongs and half wraps with unknown and untapped revenue potential, which gave an advertiser the option to buy ads that were more noticeable than placards. He had an intuition that these would sell well, and the resolution didn't restrict how many of these could be sold. He would be happy if we sold a 100, because they didn't cover all the windows, and provided seating for people who wanted to avoid motion sickness and who wanted to see the stops. He had a problem with full wraps and branding public vehicles, which then didn't look like a bus. The King Kongs and the half wraps allowed buses to continue to look like buses, gave us as yet unknown revenue potential and accommodated people who objected strongly to riding a bus with wrapped windows. Durocher concluded by saying he did not support the motion to continue full wraps as an ongoing policy, and definitely not with 20 buses.

Solomon said he was torn on this. The reason he voted for 20 was that it didn't change that much. The TPC had already voted for 20 and so had the Council. Twenty had already been budgeted, and he didn't have a problem with it. The resolution just affected the current contract period, and once the contract expired, there would be an opportunity to vote on this again. He concluded by saying that considering what they faced last month and again tonight, he would continue to support this.

Solomon offered some revised language for the last paragraph of the resolution, to say that Metro's ad and leased space policy in the contract with Adams would be amended to continue the practice of 20 fully wrapped ads on coaches per year, as well as to continue the practice of allowing unlimited

partial wrap ads, all of which would leave at least some passenger windows unwrapped.

As a friendly amendment to the original motion, Solomon/Poulson moved to amend the language in the final paragraph of the resolution as proposed by Solomon. (See Substitute Leg. File 10204.) The motion passed unanimously by voice vote/other.

Hoag cautioned against getting too excited about the King Kong and partial wraps because he had heard a pretty clear indication that those didn't market as well, and that the revenue-generating possibilities weren't so great. He was also concerned about the idea that fully wrapped buses conflicted with good marketing strategies. Many major systems in cities around the world proved this idea wrong.

Kamp clarified that the main motion as amended by the two amendments would give Adams the ability to sell up to 20 full wraps per year during the remainder of contract through 2009, along with partial wraps; there would no longer be a two-year pilot; and, before entering another agreement with Adams, the TPC would have another opportunity to revisit the policy.

A vote was taken on the main motion to recommended adoption of the resolution as amended (in the form of a substitute), to RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER. The motion passed by the following vote:

Notes:

Excused: 2 Sharon L. McCabe and Kenneth M. Streit
Ayes: 6 Brian L. Solomon; Jed Sanborn; Amanda F. White; Gary Poulson; Duane F. Hinz and Kevin L. Hoag
Noes: 1 Robbie Webber
Non Voting: 1 Carl D. Durocher

2 BOARD OF ESTIMATES 06/09/2008

Text of Legislative File 10204

Fiscal Note

The Transit Utility 2008 Adopted Operating budget includes \$400,000 in revenues derived from advertising. Of this amount, \$175,000 is from bus wrap advertising. Future year advertising revenues, particularly those derived from bus wraps, may vary depending on the number and types of wraps that may be authorized.

Title

SUBSTITUTE - Authorizing an amendment to the Metro Transit Advertising and Leased Space Policy to allow fully illustrated transit advertisements on Metro Coaches, not to exceed ~~ten~~ 20 full wraps per year.

Body

PREAMBLE

The original pilot allowing full bus wrap advertising called for a maximum of 15 fully wrapped buses. A subsequent amendment allowed 5 more full wraps, for a total of 20 during the pilot. During the first year of the pilot, Metro Transit received approximately \$272,727.00 based on a minimum monthly guarantee. The contract with Metro's advertising provider guarantees only \$225,000 for year three of the contract without full wraps. With full wraps, the estimated revenue for Metro is at least \$300,000.

With fuel costs continuing to rise and a recommended goal in the draft final report of the Long Range Metro Transit Planning Ad Hoc Committee to secure 1% of Metro's overall funding through advertising revenue (approximately \$500,000), Metro Transit needs the additional revenue that full wrap advertising on coaches will provide.

~~In response to public feedback, Metro proposes lowering the maximum number of fully wrapped coaches from 20 to 10. Metro also proposes continuing the practice of allowing unlimited partial wrap advertising to include new products such as king kongs (which cover from top to bottom with some windows left unwrapped), and half wraps (where one side of the coach is wrapped and one side is not wrapped.) These proposals acknowledge public concerns about light and visibility regarding the full wrap bus advertising product, while still incorporating advertising wrap products which generate the most revenue.~~

WHEREAS, fuel prices continue to rise; and

WHEREAS, recommended improvements to the Metro Transit system require additional revenue; and

WHEREAS, the full wrap pilot has yielded significant additional operating funds for Metro Transit;

NOW, THEREFORE, BE IT RESOLVED, that the Metro Transit Advertising and Leased Space Policy in the contract with Adams Advertising be amended to ~~allow for no more than ten (10)~~ continue the practice of 20 fully wrapped advertisements on coaches per year, as well as continuing the practice of allowing unlimited partial wrap advertising, ~~including new products such as partial wraps that~~ all of which leave at least some passenger windows unwrapped.