



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 25574

File ID: 25574

File Type: Resolution

Status: Passed

Version: 2

Reference:

Controlling Body: TRANSIT AND
PARKING
COMMISSION

File Created Date : 03/06/2012

File Name: In-House Advertising Program

Final Action: 05/01/2012

Title: SUBSTITUTE-Authorizing Metro Transit to transition from a contracted advertising vendor program for bus advertising to an in-house advertising program starting in 2013, using Metro Transit staff by amending the 2012 Metro Adopted Operating budget to create a new 1.0 FTE position tentatively titled "Transit Advertising Sales Representative," in compensation group and pay range of 44-xx, pending a classification determination by the Human Resources department.

Notes:

Sponsors: Chris Schmidt and Bridget R. Maniaci

Effective Date: 05/02/2012

Attachments: Metro in-house ad program budget description.pdf,
25574-version 1.pdf

Enactment Number: RES-12-00325

Author: Board of Estimates

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	Metro Transit	03/09/2012	Referred for Introduction				
	Action Text:		This Resolution was Referred for Introduction				
	Notes:		Transit and Parking Commission; Board of Estimates				
1	COMMON COUNCIL	03/20/2012	Referred	TRANSIT AND PARKING COMMISSION		04/11/2012	Pass
	Action Text:		A motion was made to Referred to the TRANSIT AND PARKING COMMISSION. The motion passed by voice vote/other.				
	Notes:		Additional Referral: Board of Estimates				
1	BOARD OF ESTIMATES	04/02/2012	Return to Lead with the Following Recommendation(s)	TRANSIT AND PARKING COMMISSION		04/11/2012	Pass

Action Text: A motion was made by Cnare, seconded by Verveer, to Return to Lead with the Following Recommendation(s) - In the second paragraph of the Preamble, delete the first three sentences; delete "However" in the fourth sentence, capitalize "By," and move the sentence to the end of the first paragraph. In the first paragraph of the Preamble, add "and increased flexibility" at the end of the second sentence - to the TRANSIT AND PARKING COMMISSION. The motion passed by voice vote/other.

A motion was made by Verveer, seconded by Rhodes-Conway to make the following changes - In the second paragraph of the Preamble, delete the first three sentences; delete "However" in the fourth sentence, capitalize "By," and move the sentence to the end of the first paragraph. The motion passed by the following vote: 4:2: (AYE: Clausius, Rhodes-Conway, Solomon, Verveer; NO: Cnare, Palm; NON-VOTING: Soglin)

A motion was made by Solomon, seconded by Rhodes-Conway to make the following change - In the first paragraph of the preamble, add "and increased flexibility" at the end of the second sentence. The motion passed by voice vote/other.

Notes:

2	TRANSIT AND PARKING COMMISSION	04/11/2012	RECOMMEND TO COUNCIL WITH THE FOLLOWING RECOMMENDATIONS - REPORT OF OFFICER	Pass
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Action Text: Metro Transit General Director Kamp reiterated that the resolution would bring Metro's exterior advertising program in-house. In 2012, Metro would make the minimum contractual amount of \$450K with their current contractor. In a long-range plan passed in 2008, a goal was set for ad revenues to make 1% of Metro's budget, roughly \$530K. In order to do this, Metro proposed bringing the ad program in-house. Staff had researched this idea last year, and hoped to make 2012, the last year of the contract, its transition year by hiring a sales position a couple months early, to begin that process. Kamp noted that BOE recommended amending the resolution to separate the current ad content policy and wrap policy from the main purpose of the resolution, which was to act only on the creation of a new sales position at Metro. (See draft of the proposed changes attached.) Members were pleased to see an idea from Metro's long-range planning being implemented and commended staff for its courage, to put themselves in a position to rely on sales commissions to earn money, and to try to do better with the ad program than was currently being done – the opposite of initiatives to privatize.

A motion was made by Subeck, seconded by Bergamini, to RECOMMEND TO COUNCIL WITH THE FOLLOWING RECOMMENDATIONS - REPORT OF OFFICER: Recommend to Adopt Substitute (Version 2), which incorporated the changes proposed by the Board of Estimates. The motion passed by voice vote/other.

[Please note: Without objection, at this point, the meeting proceeded to Agenda Item G.1., to accommodate the schedule of a registrant.]

Notes: Recommend to Adopt Substitute (Version 2), which incorporates changes proposed by the Board of Estimates. BOE recommended amending the resolution to separate the current ad content policy and wrap policy from the main purpose of the resolution, which was to act only on the creation of a new sales position at Metro.

2	COMMON COUNCIL	05/01/2012	Adopt with the Recommendation(s)	Pass
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Action Text: A motion was made by Bidar-Sielaff, seconded by Cnare, to Adopt with the Recommendation(s). The motion passed by voice vote/other.

Notes:

Text of Legislative File 25574

Fiscal Note

Currently, with a contracted advertising vendor, Metro Transit's projected annual bus advertising revenue for 2013 is \$400,000. During the first year of the in-house program (2013) projected revenue is \$435,000. During the second year (2014) projected revenue is \$530,000. During the third year (2015) projected revenue is \$645,000. The estimated base salary for the sales representative position necessary for this program is \$42,000 with \$18,900 in benefits for a total of \$60,900. The position would also earn an 8% commission on advertising sales. By

the third year of the program, Metro should be realizing a significant increase in advertising revenue. Revenue estimates will be included in the operating budget for each year.

This Resolution will provide for an amendment to the 2012 Adopted Operating budget of Metro Transit to allow the creation of a new 1.0 FTE Sales Representative position, effective November, 2012, in order to prepare for program implementation at the beginning of 2013. This new position will be tentatively titled as a "Transit Advertising Sales Representative," with a compensation group and range of 44-xx, pending a classification determination by the Human Resources department. The estimated cost in 2012 for the latter two months of the year is \$7,000 in salary expense, plus \$2,478 in benefits, or a total cost of approximately \$9,478. Metro will reallocate current salary and benefit expense funding to support the position in 2012, so no appropriation is required. Metro will include full annualized funding in its 2013 budget, subject to approval by the Common Council.

Title

SUBSTITUTE-Authorizing Metro Transit to transition from a contracted advertising vendor program for bus advertising to an in-house advertising program starting in 2013, using Metro Transit staff by amending the 2012 Metro Adopted Operating budget to create a new 1.0 FTE position tentatively titled "Transit Advertising Sales Representative," in compensation group and pay range of 44-xx, pending a classification determination by the Human Resources department.

Body

PREAMBLE

The structure of a shared-revenue formula with a third party advertising vendor effectively limits Metro Transit's advertising revenue. A sales representative on Metro's staff would be working exclusively for Metro's benefit which we believe would result in a significant increase in revenue and increased flexibility. ~~Metro would continue to follow the City's current advertising content policy and the current bus wrap policy. The goal is to continue Metro's current bus advertising program with the only change being who sells the ads. No other program policies would change.~~ However, by using an in-house program, Metro would retain more control of content by which advertisers are pursued and what content we would suggest to advertisers would be most appropriate for the Madison market.

As a contingency plan, Metro Transit would have a request for proposals (RFP) for an outside advertising vendor ready to release should there be any problem with the success of the in-house program. However, Metro would like to conduct the in-house program for at least two years in order to obtain enough data to determine the overall success of the program.

WHEREAS, Metro Transit would like to increase revenue in order to provide better service to our customers; and

WHEREAS, advertising revenue is currently less than one percent of the total operating budget, and Metro Transit would like to increase that amount to one percent; and

WHEREAS, Metro Transit staff has done research about the best way to succeed with an in-house advertising program and is ready to move forward to implement that plan; and

WHEREAS, Metro Transit would submit a position request for a sales representative subject to approval by the Personnel Board, Board of Estimates, Common Council and Mayor's office; and

WHEREAS, Metro Transit wishes to amend its 2012 Operating Budget to authorize the creation

of a new 1.0 FTE Sales Representative position effective November, 2012, in order to have the program ready for implementation on January 1, 2013;

NOW, THEREFORE, BE IT RESOLVED, that Metro Transit is authorized to transition from a contracted advertising vendor program for bus advertising to an in-house advertising program starting in 2013, using Metro Transit staff by amending the 2012 Metro Adopted Operating budget to create a new 1.0 FTE position effective November, 2012, tentatively titled "Transit Advertising Sales Representative," in compensation group and pay range of 44-xx, pending a classification determination by the Human Resources department.