



Legislation Text

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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, b~~ 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.