



AGENDA

MEETING OF THE
FINANCE COMMITTEE
OF THE
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A PUBLIC AGENCY
FRIDAY, NOVEMBER 7, 2014
8:30 A.M.
SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)
550 OLIVE STREET, SANTA BARBARA, CA 93101

1. **CALL TO ORDER**
2. **ROLL CALL OF THE FINANCE COMMITTEE**
Bill Shelor, Committee Chair
Dave Tabor, Director
Roger Aceves, Director
3. **REPORT REGARDING POSTING OF THE AGENDA**
4. **APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**
The committee will be asked to waive the reading of and approve the draft minutes for the meeting of May 27, 2014.
5. **PUBLIC COMMENT**
Members of the public may address the Committee on items within the jurisdiction of the Committee that are not scheduled for public hearing. The time allotted per speaker will be at the discretion of the Committee Chair. Please complete and deliver to the MTD **Board Clerk, before the meeting is convened, a "Request to Speak" form including a description of the subject you wish to address.**
6. **ADVERTISING RATE POLICY - (ACTION MAY BE TAKEN)**
Staff is seeking the Finance Committee's guidance as it pertains to the Bus Advertising Policy.
7. **UPDATE ON SINGLE AUDIT-(INFORMATIONAL)**
The committee will receive an update on the Single Audit.
8. **OTHER**
9. **ADJOURNMENT**

AMERICANS WITH DISABILITIES ACT: If you need special assistance to participate in this meeting, please contact the MTD Administrative Office at 963-3364 at least **48 hours in advance** of the meeting to allow time for MTD to attempt a reasonable accommodation.



MINUTES

**MEETING OF THE
FINANCE COMMITTEE
OF THE
SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
A PUBLIC AGENCY**

**TUESDAY, MAY 27, 2014
IMMEDIATELY FOLLOWING THE BOARD MEETING**

**SANTA BARBARA MTD CONFERENCE ROOM (UPSTAIRS)
550 OLIVE STREET, SANTA BARBARA, CA 93101**

- 1. CALL TO ORDER**
Committee Chair Davis called the meeting to order at 11:05 a.m.
- 2. ROLL CALL OF THE FINANCE COMMITTEE**
Committee Chair Davis reported that all members were present
- 3. REPORT REGARDING POSTING OF THE AGENDA**
Natasha Garduno, Executive Assistant, reported that the agenda was posted on Friday, May 23, 2014 at MTD's Administrative Office, mailed and emailed to those on the agenda minutes list, and posted on MTD's website.
- 4. APPROVAL OF PRIOR MINUTES (ATTACHMENT- ACTION MAY BE TAKEN)**
Director Shelor moved to approve the draft minutes for the meeting of June 4, 2013. Director Tabor seconded the motion. The motion passed unanimously with one abstention from Committee Chair Davis who had not attended the meeting.
- 5. PUBLIC COMMENT**
None was made.
- 6. PRESENTATION OF PROPOSED FISCAL YEAR 2014-15 OPERATING & CAPITAL BUDGET - (ACTION MAY BE TAKEN)**
The Finance Committee and staff reviewed the narrative and points of emphasis for fiscal year 2014-15 operating and capital budget.
- 7. OTHER**
No other business was discussed
- 8. ADJOURNMENT**
Director Tabor moved to adjourn the meeting at 11:40 a.m. Director Shelor seconded the motion. The motion passed unanimously.



FINANCE COMMITTEE REPORT

MEETING DATE: NOVEMBER 7, 2014

AGENDA ITEM # 6

TYPE: ACTION

PREPARED BY: NATASHA GARDUNO

Signature

REVIEWED BY: GENERAL MANAGER

GM Signature

SUBJECT: Bus Advertising Policy

RECOMMENDATIONS:

Staff recommends that the following changes to the bus advertising policy be forwarded to the Board of Directors for their consideration:

- Increase King and Tail advertising rates by approximately 17%, and that the Queen advertising rates remain unchanged.
- Reduce the interior advertising rates for all fleets as described in the Interior Ad Rates portion of this report.
- Retain the 15% agency discount for advertising purchases.
- Provide a discount for local non-profits on bus advertising purchases.

DISCUSSION:

Advertising rates were last increased in August 2011, at which time the Board approved staff's recommendation of a 15% increase to all rates. Recently, staff compared MTD's current bus advertising rates to other California public transit agencies of similar size in service area population (Gold Coast, Monterey-Salinas, and Santa Cruz). The chart on the following page reflects MTD's 1-month rates compared to those from the agencies mentioned (all agencies listed provide a discount to the 1 month rate for length of contract: 3-months, 6-months, 12-months).

Exterior Ads	Gold Coast	Monterey-Salinas	Santa Cruz	Santa Barbara MTD
King	\$450	\$380	\$350	\$298
Queen	\$280	\$195	\$242	\$232
Tail	\$325	\$170	\$237	\$276

MTD's King spaces have the highest demand, and for the last two years have had 100% of the inventory sold. The Tails are the next popular space with approximately 75% of the inventory sold each year. However, the Queen spaces are the hardest to sell with approximately 34% of the inventory sold each year. It has been expressed by advertisers that the Queen spaces are the least favorable due to target audience visibility. Based on the result of the per sign price comparison and historical sales ratio percentages, staff recommends that only the King and Tail advertising rates be increased.

Interior Ad Rates

Interior advertising for all fleet vehicles (Diesel & Hybrid, DWS, Crosstown, and Seaside) is sold at monthly flat rates. The only other transit agency of those surveyed that sells interior ad space in the same fashion is Gold Coast Transit. On the Diesel & Hybrid fleets, MTD provides interior ad space in two sizes. The chart below reflects MTD's current flat monthly rates for these spaces compared to the Gold Coast Transit rates.

Interior – Diesel & Hybrid	Santa Barbara MTD	Gold Coast Transit
11 x 17	\$395	\$250
11 x 28	\$555	\$300

* The rates shown are for the display of one card in each bus (approx 90 ads for the Diesel & Hybrid fleet)

Over the years interior ad sales have been low. Each MTD Diesel/Hybrid bus has 480 inches of interior space, with a total of 518,400 inches of space annually for the combined fleets. For this calendar year we have only sold 87,480 inches of interior space or 17%. Many local non-profit agencies and small start-up businesses are interested in this space but have not been able to advertise as they have expressed that the current rates are too high for their budgets. It is staff's recommendation that the interior ad rates be lowered to match those of Gold Coast Transit.

The MTD electric shuttle fleets (DWS, Crosstown, and Seaside) have not had any interior sales for the last few years. The chart below reflects the current flat monthly rates for these fleets.

DWS (12 shuttles)	Crosstown (5 shuttles)	Seaside (2 shuttles)
\$1,150	\$460	\$230

* The rates shown are for the display of one card in each shuttle

Staff recommends lowering the flat monthly rates by 50% to these fleets as a way to attract advertisers.

Agency Discount

MTD currently offers a 15% agency discount on advertising contracts. In 2013 there were seven (7) advertising contracts given with agency discounts that totaled approximately \$50k. To date for the 2014 calendar year 12 advertising contracts have been given with agency discounts totaling approximately \$62k. Staff recommends retaining the agency discount as the number of contracts brought by agencies has almost doubled for the calendar year.

Collaborative Advertising

Other transit agencies such as Monterey-Salinas Transit offer two months of advertising for the price of one for non-profits (based on availability), while Gold Coast currently offers a 10% discount on rates for active members of Ventura, Oxnard, Port Hueneme and Ojai Chambers of Commerce. Staff recommends that the committee consider enhancing its “Charitable Contributions Policy” by including a two months for the price of one for interior ad space to non-profit organizations).

MTD’s Charitable Contributions Policy¹ states that, “As an agency operating with public funds, MTD is unable to make charitable contributions or provide free advertising space to non-profit organizations. Based on sound business judgment, allocations occasionally may be made to such organizations from MTD’s Advertising account for publicity designed to increase MTD’s ridership and/or enhance relationships with groups directly supportive of MTD operations.”

¹ See attached MTD Charitable Contributions Policy dated: January 12, 1993

SANTA BARBARA METROPOLITAN TRANSIT DISTRICT
CHARITABLE CONTRIBUTIONS POLICY

As an agency operating with public funds, MTD is unable to make charitable contributions or provide free advertising space to non-profit organizations. Based on sound business judgement, allocations occasionally may be made to such organizations from MTD's Advertising account for publicity designed to increase MTD's ridership and/or enhance relationships with groups directly supportive of MTD operations.