



BOARD OF DIRECTORS REPORT

MEETING DATE: APRIL 9, 2024 **AGENDA ITEM #:** 9
TYPE: ACTION ITEM
PREPARED BY: PLANNING AND MARKETING MANAGER HILLARY BLACKERBY
REVIEWED BY: GENERAL MANAGER JERRY ESTRADA
SUBJECT: BUS ADVERTISING RATE CHANGES AND ADDITIONS

RECOMMENDATION:

Staff is seeking input on the following changes and additions to the bus advertising policy and recommending the Board of Directors approve the following changes to the bus advertising policy.

- Increase the existing King, Queen, Tail and Interior advertising rates for the 40' Gillig buses and 40' Hybrid buses by between 20% and 10% effective January 1, 2025 with a programmed 2% increase each year for the next two calendar years. In 2028 and thereafter staff to review and recommend rate changes (if any) every three years.
- Change the Hybrid King dimensions to 30 x 144" to be consistent with our 40" Gillig Kings. effective January 1, 2025.
- Change the discount structure based on length of contract: 6-11 months (5%) and 12 months (10%) effective January 1, 2025.
- Add New Flyer bus advertising to inventory effective immediately upon board approval.

DISCUSSION:

MTD sells advertising space on the exterior and interior of the bus fleet, providing an important source of revenue for MTD, and provides advertisers with the only major out-of-home advertising space available on the South Coast. Advertising rates were last increased in December 2014, at which time the Board approved staff's recommendation of a 17% increase to King and Tail rates, reducing the interior rate, and reduced the ad agency discount.

Recently, staff compared MTD's current bus advertising rates to other California public transit agencies of similar size in service area population (Gold Coast Transit, Monterey-Salinas Transit, and Santa Cruz METRO). 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).

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Exterior Ads	Santa Barbara MTD Current Rates	Gold Coast Transit	Monterey-Salinas Transit	Santa Cruz METRO	Proposed MTD Rates for 1/1/25
King	\$350	\$520	\$430	\$420	\$420
Queen	\$232	\$330	\$220	\$265	\$265
Tail	\$326	\$375	\$200	\$440	\$357

Based on the result of the per sign price comparison and increasing interest in advertising efforts from advertisers post-COVID, staff recommends that the 40' Gillig and 40' Hybrid advertising rates be increased to match Santa Cruz METRO's King and Queen rates (approximately 20% higher), and increase Tails by 10% effective January 1, 2025 with a 2% increase each year for the next two calendar years. In 2028 and thereafter, staff will review and recommend rate changes (if any) every three years.

Interior Ad Rates

Interior advertising for all fleet vehicles Diesel, Hybrid and Electric shuttles are sold at monthly flat rates for the entire fleet. 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 Current Rates	Gold Coast Transit	Proposed MTD Rates for 1/1/25
11 x 17	\$250	\$275	\$275
11 x 28	\$300	\$325	\$325

* The rates shown are for the display of one card in each bus (approx. 100 ads for the Diesel & Hybrid fleet)

In the 2014 advertising price change, staff recommended matching the Gold Coast interior rates. Since MTD has not increased rates in 9 years, it is staff's recommendation that the interior ad rates be increased to match Gold Coast Transit's rates effective January 1, 2025 upon Board approval.

Hybrid King Dimensions

MTD currently offers the 40' Hybrid King space at 30" x 166" at the same rate as the 40' Gillig King space rate at 30" x 144". For consistency staff recommends keeping the 30" x 144" dimensions as a standard for kings. Furthermore, since the rebranding of buses the adhesive for advertisements is sometimes extending over the permanent vinyl wrap on the on the 40' Hybrid, leaving a residue after ad removal. Changing the size to 30" x 144" will allow for placement of the advertisement not to overlap the vinyl on the buses design and allow for consistency with printing requirements for our advertisers.

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Change of Discount Structure

Currently MTD offers a \$33 discount from the original base rate when contracting 6-11 months and \$66 discount from the original base rate for contracting 12 months. Based on staff’s research of other local agency discounts and efforts to make all sizing and pricing consistent, Staff recommends changing the length of contract discount to reflect a 5% discount from the original base rate when contracting 6-11 months and a 10% discount from the original base rate for contracting 12 months effective January 1, 2025 for the existing fleet, and immediately applicable to the New Flyer rates.

MTD currently offers a 15% discount for advertisers using an ad agency to purchase their ads, and staff recommends that this discount remain in place.

New Flyer Electric Advertising Rates

The new 40’ Electric New Flyer buses advertising space is expected to be a premium commodity, due to the high-profile nature of the all-electric fleet in the region. Furthermore, because of the layout of the buses the advertising spaces/dimensions are much larger than other offered spaces offering highly visible and effective marketing efforts for our community effective immediately upon Board approval. The following rates are recommended for the New Flyer fleet.

Electric New Flyer Exterior Ads	1-5 months	6-11 months	12 months
King 30" x 172"	\$550	\$523	\$495
Queen 30" x 96"	\$450	\$428	\$405
Tail 15" x 64"	\$400	\$380	\$360