

**Subject: DES- Corporate Sponsorships for BikeShare and Advertising on ART Buses**

**FY 2018 Proposed Budget  
Budget Work Session Follow-up**

**4/20/2017**

The following information is provided in response to a request made by Mr. John Vihstadt via email for the work session on 3/28/2017, requesting an update on the County Board's 2016 guidance to the Manager to (a) seek corporate sponsorship(s) for Capital BikeShare and (b) study sponsorships and general advertising on ART buses.

Following County Board-adopted FY17 Budget direction, DES staff, in conjunction with the County Attorney's Office, advanced research/investigation of the potential for sponsorships and advertising on rolling stock and fixed facilities for ART and Capital Bikeshare with a required report back on rolling stock by the end of the 2nd Quarter FY2017 and fixed facilities by the end of 4th Quarter FY2017.

As requested, staff provided a comprehensive briefing on this subject to all Board members during the week of October 3, 2016. This presentation is attached for your review. Based on this research, which showed that Capital Bikeshare system sponsorship was by far and away the most likely to generate significant new revenue to the County, and based on Board member feedback, staff has put most of its efforts into advancing this initiative. The work that has been completed to date includes: drafting a County sponsorship policy (which would apply to Bikeshare and transit) in conjunction with the CAO. This will be brought to the County Board for adoption this summer. Staff also developed a draft RFP for a Corporate Sponsor Broker for Capital Bikeshare system working with all of the participating jurisdictions and DMF Procurement. This RFP will be issued this summer. Securing an actual sponsor for the regional Capital Bikeshare Program is currently targeted for the summer/fall of 2018.

Regarding traditional bus advertising, the research showed that it produced very little revenue (approximately \$90,000 per year) while potentially undermining the ART brand. Staff proposed continuing to pursue non-traditional approaches including corporate sponsorship for ART rolling stock and creative internal advertising and Wi-Fi Digital displays. The next recommended step was to develop and issue an RFI to the industry. A draft RFI has been produced and will be reviewed by DMF Procurement and the CAO. Staff is working to issue this RFI within the next two months.

Regarding fixed facility advertising, DES staff and the CAO will prepare a progress report before the end of the fourth quarter FY 2017 and will schedule Board member briefings.

# Advertising and Sponsorship Opportunities for ART Bus and Capital Bikeshare

October 2016

# Board direction

- Present a proposal for effectuating the advertising program, including revenue projections, **for Rolling Stock no later than October 1, 2016**
- Given the need for a Zoning Ordinance Amendment to effectuate such advertising on Off-Site Facilities, the proposal presentation date for Off-Site Facilities shall be no later than July 1, 2017
- All revenue generated pursuant to advertising for both Rolling Stock and Off-Site Facilities shall be designated exclusively for ART and Capital Bikeshare operations



# BUSES



# Bus advertisements

- Different types of ads used to generate revenue on buses
  - Wraps – covers entire bus
  - Kings – streetside panels (larger)
  - Queens – curbside panels
  - Tails – back panels
  - Internal bus ads
- Many agencies get minimum payment from vendor plus some revenue sharing
  - Also possible to directly seek advertisers

# Revenue generation

Nearby & comparable jurisdictions that allow bus ads:

Transit System	Size	Type of Ads	Revenue
Fairfax Connector	300 buses	Wraps, kings, queens & tails	\$125k - \$170k/year
Montgomery County Ride-On	343 buses	Wraps, kings, queens & tails	\$1M/year
Livermore, Alameda County	51 buses	Kings, queens, tails & internal	\$100k/year
Lowell, MA	44 buses	Wraps, kings, queens & tails	\$180k/year
Portland, ME	31 buses + 10 shelters	Wraps, kings, queens & tails	\$255k/year
Merrimack Valley	45 buses	Wraps, kings, queens & tails	\$165k/year

# ART Buses: revenue potential

- ART revenue potential: ~\$90k/year
  - Based on conversations with vendors
  - Vendors indicated that:
    - Arlington's urban corridors would be attractive
    - But small fleet compared to Metrobus, Fairfax, & Montgomery County
    - Wraps bring in 4x more revenue than kings, queens and tails
- ART annual operating/maintenance costs: ~\$2.4M

# Challenges

- **Compromises ART brand/visual identity**



- Easily recognized by community/riders





# Challenges

- Revenue from interior bus ads is minimal
  - Costs of printing/installation can outweigh revenue
- ART has a relatively small fleet
  - Vendor/advertiser interest may be low
- Wraps must be applied in climate-controlled bay
  - Would compete for very limited maintenance space at Farrington

- Staff proposes RFI to identify alternative approaches to transit advertisement:
  - Corporate sponsorship (akin to Citi Bike)
    - Work with a single sponsor to design bus exterior that accommodates *ART and* sponsor branding
  - Creative internal advertising
    - SEPTA & CTA partnered with Titan Advertising to develop interactive ads (via smartphones)
  - Wifi digital displays connected to GPS
    - Displays location-based ads



# BUS SHELTERS

*Sneak preview*

# Shelter advertising

Nearby jurisdictions that have shelter advertising contracts:

Agency	# of Ad Shelters	Annual Revenue	Share of Revenue	Ad Content	Free PSAs?
DDOT	716	\$7.5 - 8.5M	30-35%	Some restrictions	Yes - 10% of shelters
Montgomery County	400	\$400k	10-20%	Some restrictions	No
Fairfax	207	\$310k	-	-	No
Gaithersburg	55	\$21k	10%	Some restrictions	Yes – 5% of shelters
Takoma Park	25	\$20k	10%	Some restrictions	No

# Shelters: Revenue potential

- County owns/maintains 105 shelters
- Current installation & replacement costs: \$420k/year
  - 15 shelters/year
  - Backlog of shelters beyond their useful life
- Current maintenance costs: \$20k/year
- Advertising contract could generate \$200k/year AND cover installation and maintenance costs

# Shelters: Lessons learned

- Focus on commercial, mixed-use corridors
  - Wilson/Clarendon Blvd, Glebe Rd, Lee Hwy, Nauck/Shirlington, Arlington Blvd, etc
- Contractor responsible for installation of new shelters, replacement and maintenance
  - Set aside % of shelters with no ads
  - Require contractor maintenance of these too
- Maintain approval of ad locations and shelter design
- Establish policy for ad content
  - Has legal implications



# CAPITAL BIKESHARE



# Capital Bikeshare - Profile

- Regional System of 5 Jurisdictions

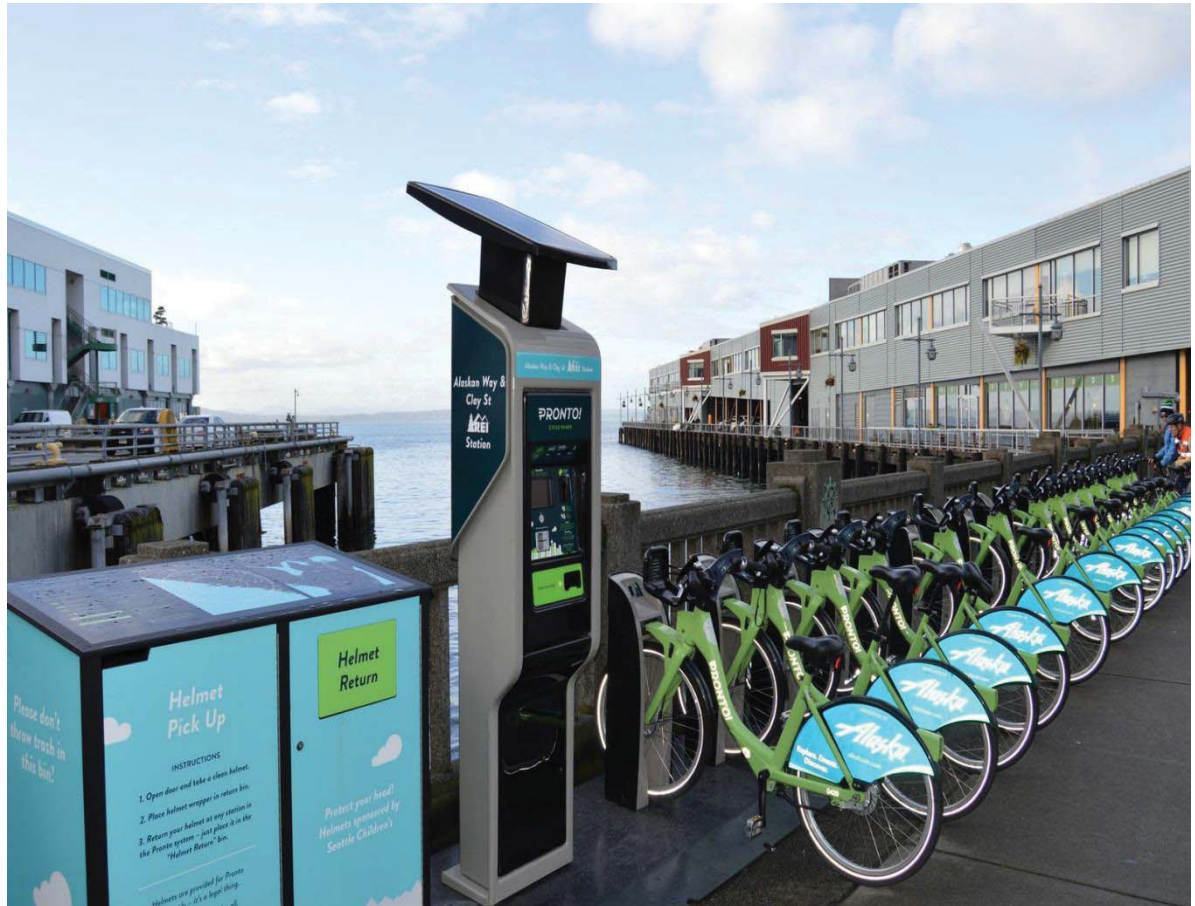
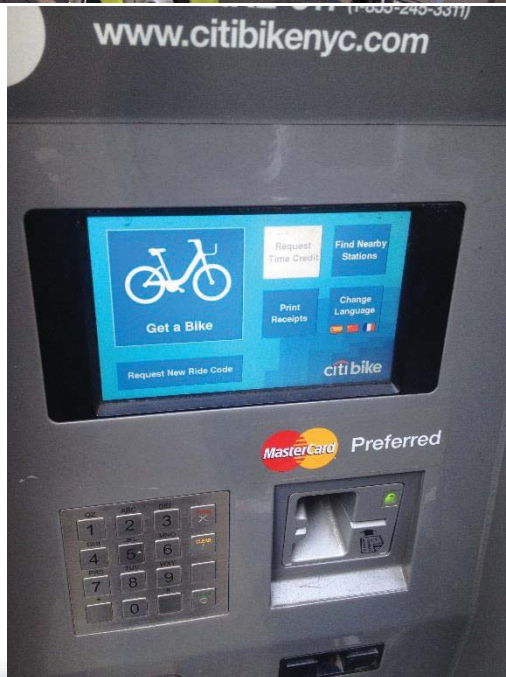
Jurisdiction	Stations	Bikes	Docks	Revenue Split
District of Columbia	232	2,214	4,428	59.73%
Arlington	86	647	1,203	16.23%
Montgomery	57	438	875	11.80%
Alexandria	29	242	483	6.52%
Fairfax*	29	212	424	5.72%
<b>Total</b>	<b>433</b>	<b>3,753</b>	<b>7,413</b>	<b>100%</b>

\* Fairfax County will begin operation Fall 2016



- Sponsorships – Common form of Revenue Generation
  - System (Stations+Bikes+Other Assets) Sponsor - **Predominant**
  - Station Sponsor
  - Bike Sponsor
  - Placement Sponsor (Key fobs, helmets, point of sale, etc.)
- Advertising – Few examples
  - System
  - Stations
  - Bikes
  - Other Assets

# Capital Bikeshare – Sponsorship Examples



# Capital Bikeshare – Revenue Examples

System	Location	Sponsor	Stations	Bikes	Revenue
KC B-Cycle	Kansas City, MO	Blue Cross Blue Shield	20	160	\$350,000 per year
Pronto Cycle Share	Seattle, WA	Alaska Airlines	50	500	\$500,000 per year
Breeze Bike Share	Santa Monica, CA	Hulu	75	500	\$675,000 per year
Nice Ride	Minneapolis MN	Blue Cross and Blue Shield	190	1,700	\$750,000 per year
Divvy	Chicago, IL	Blue Cross and Blue Shield	581	5,800	\$2.4 M - \$2.7 M per year over 5 years
Citibike	New York, NY	Citibank	600	10,000	\$41 M/ 6 years ≈ \$6.8 M per year

# Capital Bikeshare - Considerations

- CaBi is a regional system that requires a regional approach and unanimity among jurisdictions
- Greater revenue potential from sponsorship than advertising
- Sponsorship revenue is greatest for system, stations plus bikes, rather than separating each component
- Sponsorship identification can be modest on stations and very visible on bikes, websites, communication materials, etc.
- Individual station sponsorship for installation and operation may be possible
- Placement sponsors for payment kiosks, helmets, etc. are also possible

# Capital Bikeshare – Revenue Potential

- System Sponsor (Bikes+Stations+Other Assets) Revenue – CaBi: \$4.6 M / year; Arlington: \$750,000/year est.
  - Name appears on Stations and Bikes
  - Name included in all public facing communications
  - Could allow for individual station sponsors + placement sponsors
- System (Bikes+Other Assets) Revenue for Arlington – CaBi: \$2.5 M/year; Arlington: \$400,000/year est.
  - Name appears on Bikes
  - Name included in all public facing communications
  - Excludes Sponsor signage at stations
  - Allows for future station sponsorship when approved
  - Assumes placements on key fobs
  - Allows for separate sponsors for other assets, e.g., payment sponsor, helmet sponsor

# Capital Bikeshare - Considerations

- Revenue potential estimates are somewhat difficult to determine
  - Sponsorship and advertising revenue is a developing area
  - Survey of bikeshare systems vary as to revenue potential
- But there is reason to believe that revenue estimates are reasonable
  - CaBi is the third largest bikeshare system in the nation
  - CaBi's location in the Capital makes it a very valuable sponsorship opportunity
  - CaBi has a very positive public image
  - Bikesharing sponsorship seems to be a very popular branding opportunity for companies around the country

# Capital Bikeshare - Issues

- Rolling Stock (bicycles) and other non-fixed facilities (stations) can be sponsored without Zoning Ordinance changes
- A policy for determining who is eligible to be sponsor must be adopted
- Fixed facility sponsorship requires Zoning Ordinance Amendment

- Capital Bikeshare members' direction
  - Want to obtain a sponsor for the system as soon as possible
  - In light of Arlington County's need for Zoning Amendment to sponsor fixed facilities, members want to pursue a non-station assets sponsor first and add on, if possible, system station sponsorship later
  - Favor obtaining a contractor through an RFP process who will find a sponsor
  - Request Arlington lead the process on behalf of other members



# Capital Bikeshare – Next Steps

- Develop policy for who will have access to sponsorship
- Prepare an RFP to select a contractor to seek out sponsors on behalf of all Capital Bikeshare jurisdictions