

## Minutes

### RTA Organizational, Services & Performance Monitoring Committee Meeting

10:15 a.m. November 13, 2018

**Committee Members:** Lucas (Chair), Bibb, Elkins and Serrano.

**Other Board Members:** Clough, Joyce, McCall and Moss

**Not present:** Welo

**Also Present:** Benford, Bitto, Blout, Brooks-Williams, Brown, Calabrese, Caver, Ciesla, Cranford, Dancy, Dangelo, Davis, Draper, Faith, Feliciano, Ferraro, Fields, Flannery, Ford, Garofoli, Gautam, Gay, Gray, Harris, Jaszczak, Johnson, Jones, Kinnear, Lewis, Loh, Macko, McGrady, Palagyi, Pickett, Pinkney, Ponder, Reglus, Schipper, Schnear, Scott, Shaffiff, Smith, Stocking, Stover, Sutula, Togher, Vukmanic, Weil, Wiehe, Wilson, Winn, Worley-Bell, Young, Zeller.

Rev. Lucas called the meeting to order at 10:15 a.m. The secretary called the roll and reported that four (4) committee members were present.

#### Shelter Advertising

Steve Bitto, director of marketing and communications, made the presentation. RTA along with transit authorities across the country sell advertising opportunities on the system to supplement revenues. RTA procured sales services with Lamar Transit. They sell advertising to clients to be posted inside and outside the buses and trains. For that service, RTA will generate \$1.2 million in revenue this year. Many of the other authorities include bus shelter advertising in their packages.

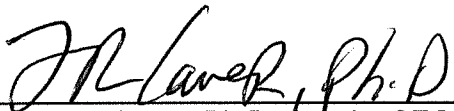
RTA currently has 800 shelters in the county. There was a prohibition for selling ads for those shelters. Numerous municipalities require a permit to put shelters in these areas with the condition that advertising wouldn't be put in them. A few years ago, Councilman Brian Cummings drafted legislation, which was approved, to lift the prohibition for the 500 shelters in the City of Cleveland. An RFP was put out and Lamar Transit was selected. The current contract provides a minimum annual guarantee (MAG) of \$140,000 a year or 60.5% of total sales, whichever the largest. If the option years were exercised on a five-year contract, the minimum annual guarantee would generate \$700,000 in revenue.

Ads were placed in areas where there is a lot of foot and vehicular traffic like downtown, Lakeside, St. Clair, Superior, Prospect, Public Square and around Tower City. Neighborhood ads were placed on Detroit, Madison, Lorain, W. 25, Cedar, Quincy, Prospect, St. Clair, etc. One-panel ads were put in the back side of shelters so that customers could see the bus coming. Some of the clients include Google, Giant Eagle and Pepsi. Some of the first-time clients renewed their purchase and expanded ads to buses and trains. The first four month sales of the program beginning November 2017 was \$40,000. Six of the next seven months was \$20,000 or more. The high point was September with monthly sales exceeding \$80,000. Cumulative sales through September had close to \$300,000 in sales. The \$140K MAG check was received before the start of the contract year. The 60.5% commission grew throughout the year. The commission exceeded the minimum annual guarantee in September. The

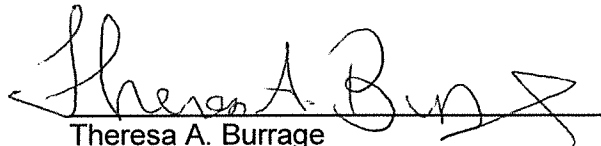
commission rate should reach \$200,000. The contract allows for the minimum annual guarantee of \$140,000 or 75% of the previous year's revenue. At \$200,000, the MAG will increase to \$150,000.

Expanding the program to the interring suburbs will generate a 40% increase. The additional revenue could be the local match on the purchase of two CNG coaches, or the salary and benefits of two operations, or additional service in the evening or weekend. Dialogue will begin with the suburban areas to place ads in their neighborhoods. Mr. Joyce asked how popular the bus wraps are. Mr. Steve said they work with clients to purchase those type of ads. Full bus ads have been done very creatively. Mayor Elkins asked if the MAG is still guaranteed if sales are only \$100,000. Steve confirmed that the guarantee is for the larger of the two. Mr. Bibb asked if a presentation could be made at the Mayors & Managers Association meeting. Mr. Bitto said the plan was to sit down with the six city mayors on the list (Euclid, Parma, Cleveland Hts., Lakewood, Garfield Hts. and East Cleveland) which has over 200 shelters in the RTA network. Cities may have to change their ordinances to allow ads on bus shelters. Chief McCall said the ads have been done well, but asked if shelters that don't have double panels could be reviewed so that customers can see the bus coming.

Rev. Lucas adjourned the meeting at 10:27 a.m.



Floun'say R. Caver, Ph.D., Interim CEO  
General Manager/Secretary-Treasurer



Theresa A. Burrage  
Executive Secretary