

METROPOLITAN TRANSIT COMMISSION
Special Called Meeting Summary
April 12, 2010

DISCUSSION SUMMARY

Presiding: Jennifer Roberts (Chairman, Mecklenburg County Commission)

Present: Curt Walton (Charlotte City Manager)
Rick Sanderson (TSAC Acting Chair)
Mayor Jeff Tarte (Cornelius)
Ralph Messera (Matthews)
Brian Welch (Mint Hill Town Manager)
Mike Rose (Pineville Town Administrator)

Telecommuting: Mayor Jim Taylor (Matthews)
Mayor John Woods (Davidson)
Mayor Jill Swain (Huntersville)

Chief Executive Officer: Carolyn Flowers

I. Call to Order

The special called meeting of the Metropolitan Transit Commission was called to order at 1:30pm by MTC's Vice-chair, Mayor John Woods. A verbal roll call confirmed a quorum. Commissioner Roberts joined the meeting in progress.

II. Public Comment on Agenda Items

None.

VI. Agenda Item

a. Exterior Advertisement Pilot Program

C. Flowers / O. Kinard

Ms. Flowers stated that the Bobcats organization had contacted CATS staff with a proposal for exterior advertising on LYNX trains to promote their playoff bid. Mr. Kinard elaborated that the Bobcats contacted staff late last week about placing advertising on the sides of LYNX vehicles. MTC members received a copy of the sample exterior ad submitted by the Bobcats. Last year, CATS staff committed to bring advertising proposals to the MTC if a proposal seemed a promising candidate for a pilot advertising campaign. This proposal seems a likely candidate. The price agreed on was \$30,720 for a two-week period, with options to continue weekly through June 30, 2010. Each rail vehicle will have two ads, one on each side, partially wrapping the vehicle. For the Bobcats, the ads would celebrate the team's first entry in the playoffs and promote the playoffs as an economic generator for the community. The ads would allow CATS to generate revenue and serve as a pilot program for exterior advertising. As several playoff games will be hosted in Charlotte, this would also provide an opportunity for co-promotion for fans to use LYNX to playoff games.

Discussion: Mayor Woods asked whether the \$30,700 quoted was a net to CATS. Mr. Kinard confirmed that it was. The Bobcats will be responsible for production, installation and

removal of the vinyl ads. Mayor Swain asked how CATS would handle its response if another entity asked for the same treatment. Mr. Kinard said that counsel has advised CATS that allowing a one-time exception to the policy constitutes a pilot, but if exceptions are allowed regularly, we will be setting a precedent. The purpose of this pilot program would be to gauge demand and evaluate the success of the pilot program.

Mayor Swain said the MTC may want to consider having parameters on advertising accepted, such as for travel and tourism. John Joye, CATS Attorney, stated that all MTC members are asked to do with this resolution is to make an exception to the current policy, so staff can gauge market potential. The resolution also directs staff to report back to MTC on market demand and potential revenue. Mr. Joye stressed that once a transit entity allows advertising, the entity cannot discriminate based on content or other factors. CATS' current policy on advertising inside buses and vehicles tracks case law well, and would not require much change if expanded to vehicle exteriors. Mr. Kinard said that CATS' primary consideration was that the pilot program would have to require companies to wrap at least six to eight vehicles to achieve a minimum amount of revenue, but content was not addressed. Ms. Flowers added that this proposal would meet that criteria, as it covers all rolling stock. Commissioner Roberts commented that this is a pilot program and MTC members would still need to work through what would be involved in a permanent change in policy. It would be very helpful to have that discussion with a full report in hand.

Mayor Taylor commented that CATS had allowed bus wraps a decade ago, such as bus wraps for the Hornets, and asked why the policy had changed. Mr. Kinard replied that the last full year of advertising revenue was in 1999-2000. At that time, many transit systems received the bulk of their advertising from tobacco, along with dot-com companies. When those revenues dried up, the market did as well. At the same time, the area was creating the CATS system with a unique, regional branding. Advertising conflicted with the regional branding effort. There was a feeling then that the market may recover and there would be pressure later to re-examine the issue of external advertising on vehicles. Mayor Taylor commented that he thought it had been a good revenue stream. Mr. Messera said that he thought there had also been an issue with paint on the buses then. Mr. Kinard said the vinyl's glue had made the buses look dirty, and the ads got cut in the washers with the way the buses were designed with interior cuts.

Ms. Flowers observed that the graphic rendering does a good job of preserving the brand and does not dilute CATS' branding. Mr. Kinard added that this is a partial wrap, and will be only on rail cars, not buses. Phoenix, whose light rail line opened after Charlotte's, is doing a full-vehicle wrap.

Mr. Messera remarked that the revenue will be less than \$1,000 per vehicle. Mr. Kinard replied that CATS evaluated cities similar in size that accept external advertising and concluded that Phoenix is most similar to Charlotte. Staff took Phoenix's full-wrap advertising rate and adjusted the price for our media market and the partial wrap, and extrapolated to a weekly rate. Mr. Messera said that as a patron, he hated looking out windows at wraps. Mr. Kinard replied that since the proposed wrap would not cover the entire window, staff did not feel the need to require see-through wraps. Staff will ask for feedback from Safety and Security as part of the report.

Mayor Tarte asked whether this pilot constituted a change in current policy. He noted that Section 2.1 of the current policy gives guidelines for advertising displayed “on or upon” vehicles, and asked if this resolution modifies the policy. Mr. Joye replied that the word “upon” was left over from past wordings. The policy was attached only for MTC members’ reference, and was not part of the resolution. Mr. Kinard said that regardless of the advertisement used, current policy requires that ads may only be of not-for-profit nature. Mayor Tarte reiterated that he felt that the current policy indicates that CATS may allow external advertising. He noted that in a recent presentation, CATS staff had said that advertising revenue had accounted for less than one-half of one percent of CATS’ budget, and so did not seem very lucrative. However, in current economic times, the issue presents differently. It is also nice to promote area events and recognize the whole community. Mayor Tarte indicated that he would bid if CATS auctioned off signed copies of players’ pictures from the ads at the conclusion of the pilot program, and concluded that he felt that this pilot program which promotes community events and achievements serves a different purpose than for-profit commercial endeavors. Commissioner Roberts said that this would be part of the discussion in June.

Commissioner Roberts said that the only negative issue with this advertising program is that MTC members may be setting a precedent. Mayor Tarte said this money represented an employee’s salary, and he was glad to do it.

Commissioner Roberts asked for a motion on the resolution to implement the exterior advertisement pilot project. Mayor Swain moved to approve the resolution, which Mr. Walton seconded.

Resolution: The MTC voted unanimously to approve the resolution for the pilot advertising program.

- V. **Chief Executive Officer’s Report** **Carolyn Flowers**
Under the CEO’s report, Ms. Flowers informed MTC members that the group picture will be taken at the end of the April MTC meeting. Ms. Flowers requested members to stay after the meeting for the picture.
- VI. **Other Business**
None.
- VII. **Adjourn**
The meeting was adjourned at 2:00 pm by Commissioner Roberts.

NEXT MTC MEETING: WEDNESDAY, APRIL 28, 2010, 5:30 PM