

Date: July 17, 2019
To: Allegra Calder, BERK Consulting
From: Portland Streetcar, Inc.
RE: Streetcar and Transit Sponsorship Review

Portland Streetcar, Inc. (PSI) partnered with BERK Consulting to review best practices for private sector involvement—including sponsorship and advertising—on modern streetcar systems in North America.

The purpose of the project is to assist the City of Seattle and private-sector supporters of the Seattle Streetcar assess the degree to which a more robust sponsorship or advertising program could be developed to support the streetcar system and specifically the proposed Central City Connector project.

PSI reviewed detailed information about the state of sponsorship and advertising programs from 11 transit systems—predominantly modern streetcars. In addition to modern streetcar systems, PSI contacted other city-owned surface rail transit systems such as MUNI in San Francisco and historic systems such as SEPTA in Philadelphia. Below is a summary of the transit systems contacted for the study:

Modern Streetcar	Historic Streetcar
Atlanta	SEPTA (Philadelphia)
Cincinnati*	TECO (Tampa Bay)
Washington	TTC Streetcar (Toronto)
Kansas City	SFMTA (San Francisco)
Oklahoma City	
Portland	
Seattle	
Tucson	

*No response provided

This report contains a summary of key findings and best practices and a review of existing sponsorship and advertising programs in North America including a discussion of Seattle-specific sponsorship conditions.

Key Findings

- Modern streetcar systems are unique in that they have mostly positioned themselves as public-private partnerships requiring significant participation from the private sector for both capital and operating costs, unlike most other transit investments in North America.
- Streetcar systems are also unique in that they tend to be owned and operated by cities—not transit agencies—and have established sponsorship and advertising practices with the explicit goal of providing a venue for curated private sector support of the systems.
- Sponsorship programs are an effective way to raise a modest amount of funding to support streetcar operations but should not be the only tool for engaging a city’s private sector in growing the streetcar system. Cities should consider the degree to which obtaining one larger sponsor versus many smaller sponsors demonstrates private-sector support.
- Public-sector expectations about how much revenue is available from private-sector sponsors or advertising should be moderated—agencies are covering between 0.5% to 5% of total operating costs with sponsorship and advertising sales.
- Agencies are split in terms of how to manage sponsorship and advertising programs—many systems contract to a third-party for a fixed revenue share, while others manage in-house with city or agency staff. There does not appear to be a major difference in terms of revenue generation. However, city-run programs retain more control of content and visual display but require dedicated staff and resources.
- Seattle Streetcar’s program is modestly successful in that revenue is being generated with minimal staff effort. However, many assets remain unsponsored meaning there is room to grow the program should the City desire.
- Many community partners engage in sponsorships at the outset of streetcar operations or grand opening as a demonstration of support, but that excitement dissipates over time and identifying local or curated sponsors grows more difficult with time.

Summary of Peer City Sponsorship/Advertising Programs

Modern Streetcar Systems

Seattle

The City of Seattle has managed its sponsorship program in-house with Seattle Department of Transportation (SDOT) staff since the system opened in 2007 with three cars and seven stations. The system has since expanded to include 10 streetcars and 17 stations on two lines.

While the staffing has fluctuated over time it is presently the responsibility of the Streetcar Operations Manager who is also responsible for managing all aspects of the day-to-day service in partnership with King County Metro.

Seattle offers sponsorship of the exterior and interior of streetcars and at stations. A car sponsorship is advertised at \$90,000/year per car and includes the opportunity for a full exterior wrap. Stations are also available for sponsorship and are advertised at \$2,000 - \$3,000/month depending on location. Interior panels are available for \$500/month.

In a unique arrangement, Amazon committed to sponsoring a car for 10 years at \$200,000/year. The City does not count the revenue as sponsorship however, the funds are used to directly support increased service on the South Lake Union Line.

The sponsorship opportunity and pricing are available online and SDOT staff work to facilitate sponsorships if requested, but staff are not actively marketing the program due to staff constraints.

Below is a summary of the total assets available for sponsorship and an estimate of the maximum revenue potential for the program under its current pricing scheme. SDOT sold \$312,000 in sponsorships on the South Lake Union line in 2018, and 88,000 on First Hill (\$400,000 total) and spent \$90,000 in printing and installation of wraps or other treatments netting the agency \$310,000 in FY 18/19.

Seattle Streetcar Asset	Quantity	Price/Year	Maximum Revenue per Year
Streetcars	10	\$90,000	\$900,000
Interior Panels	10	\$6,000	\$60,000
Stations	17	\$36,000	\$612,000
			\$1,572,000

Kansas City Streetcar

The City of Kansas City, Missouri is the owner of KC Streetcar; operations and maintenance, including the sponsorship program are managed through a contract with the non-profit KC Streetcar Authority.

The KC Streetcar Authority markets sponsorship and advertising opportunities in-house with 0.33 FTE of staff time. Sponsorships are available on cars (4) and stations (13). All four active streetcars have been sponsored by Sprint since the system opened in 2016, most recently garnering \$225,000 per year. The sponsorship space for Sprint is limited to their brand on two windows per streetcar. One additional streetcar arrived in Kansas City this year, with another one on the way in late summer 2019. The two additional streetcars will be marketed at \$50,000/year each for sponsorship.

Streetcar stops are available for sponsorship for between \$15,000 and \$35,000 per year with a majority of stops sponsored at this time. It is worth noting that streetcar stations in Kansas City are significantly larger and provide superior advertising space compared to the minimalist stations found in Portland and Seattle.

The KC Streetcar Authority is a community partner and supports local sporting teams or special events with creative wraps produced in partnership with the existing car sponsor on the exterior of the streetcar as seen below. While the promotions generate significant media and community attention, they are not presently a revenue-producing program.



Milwaukee Streetcar (The HOP)

The City of Milwaukee is the owner of the Milwaukee Streetcar, which is called "The Hop." The City contracts with TransDev for operations and maintenance, but the sponsorship program is managed in-house by city staff.

The Hop is unique in that it attracted a presenting sponsor for the entire system. Potawatomi Casino is providing \$10 million over 12 years to support the streetcar. No other modern streetcar system has been able to launch with a presenting sponsor in the manner that The Hop achieved in 2018. The system is referred to as “The Hop Streetcar Presented by Potawatomi Hotel & Casino” and the sponsor’s logo is on all cars and materials. The sponsorship also covers all fares for the system during the first year of operations. The system sponsor was the result of leadership from Milwaukee City Hall including negotiations directly between city council members and the casino, demonstrating the value of elected leaders engaging in the process of recruiting sponsors.

The City of Milwaukee retained the ability to sell additional sponsorships to support the streetcar and recently began marketing the program in partnership with a local creative firm (2-Story). The stations are priced at \$2,000/month and cars are priced at \$10,000/month. Because the program just launched, they have not sold any additional sponsorships.



Oklahoma City Streetcar

Day to day operations and maintenance for the OKC Streetcar are contracted out to Herzog Transit Services, Inc. (HTSI). The streetcar is a member of the EMBARK family of multi-modal transit services who manage the HTSI contract and the streetcar sponsorship program in partnership with a transit advertising firm (Houck Transit Advertising). Houck is responsible for securing sponsorships on stations and vehicles.

Oklahoma City (OKC) has seven streetcars available for sponsorship and twenty-two stations. As of June 2019, 91% of the stations were sponsored, generating \$539,000 in revenue to support

the streetcar. OKC has a three-year minimum for sponsoring shelters, and today they have one ten-year commitment and several five-year commitments. None of the streetcars are sponsored at this time as the program is just now being implemented.

Oklahoma City is installing its first digital signs to the interior of the streetcars as an added value amenity to both customers and sponsors.

Portland Streetcar

The City of Portland is the owner of Portland Streetcar, but operations assistance including a sponsorship program are managed through a contract with the non-profit Portland Streetcar, Inc. Portland Streetcar, Inc. markets sponsorship opportunities in-house with 0.50 FTE of staff time. Sponsorships are available on cars (17) and stations (68).

Streetcars are available for sponsorship for \$30,000 per year and stations are available for \$6,000 per year. There is a one-year minimum for both cars and stations. Each contract is negotiated individually.

Currently, sponsors are limited to having only their logo displayed in white on each side of their car. The car sponsorship also includes four two-sided 12" x 20" interior signage locations. Station sponsorships include the sponsor's name on each side of the shelter and a 20" x 10" signage location. Audio announcements are included in both sponsorships.

Fiscal Year 2018/19 ended with 46% of shelters being sponsored (\$90,550) and 76% of vehicles being sponsored (\$280,700) for a total of \$371,250.

While not a streetcar system, the regional transit provider TriMet operates bus and light rail operations in Portland and contracts with Lamar Advertising for ad placements on their assets for a Minimum Annual Guarantee worth roughly \$3.8 million per year.



Tucson Streetcar (SunLink)

The SunLink Streetcar in Tucson, Arizona, is a service of the regional transit provider, Sun Tran, which also manages bus operations in Tucson. Operations and maintenance for both bus and streetcar are contracted out to RATPDev and advertising/sponsorship for all assets is contracted through Sun Tran with Lamar Outdoor Advertising.

The SunLink streetcar is 3.9 miles long with 21 stations and eight streetcars. As of June 2019, all eight streetcars were sponsored generating \$280,800 in revenue for Sun Tran via Lamar along with additional revenues generated on the bus system. Streetcar sponsorships include a partial (\$31,000/year) or full (\$39,000/year) wrap of the vehicle for one year and does not include interiors.

Sun Link does not sell advertising or sponsorships at the stations.

Atlanta Streetcar

MARTA took over the operation of Atlanta Streetcar in July of 2018. Outfront Media added Atlanta Streetcar to their contract with MARTA beginning October 2018.

There are four streetcars in the fleet. Only two cars are out on the 4-mile loop on any given day. It is estimated that ridership is 300-400 per day.

Streetcars wraps are available for \$20,000 per four-week period. Advertising is limited to vehicle wraps, no inside signage or audio. There is currently no space for advertising inside the 12 shelters. Outfront is hoping to add this option in the future.

Currently two streetcars have advertising. One advertiser has signed an agreement for one year. Generally, all streetcars have advertising during football/baseball/basketball seasons.



Historic Streetcar Systems

Philadelphia Streetcar (SEPTA)

The Southeastern Pennsylvania Transportation Authority (SEPTA) operates a historic streetcar system in Philadelphia with 150 streetcars in operation on five lines. SEPTA contracts with Intersection to manage exterior wraps on the streetcars; no interior signage is marketed for advertising. Sixty-five percent of the streetcar fleet is covered by advertising today.

SEPTA has a Minimum Annual Guarantee (MAG) contract with Intersection worth \$18 million per year which covers 2,295 bus, streetcar and other rail vehicles as well as 270 stations. SEPTA also and shares a percent of revenues above the agreed-upon minimum.

SAN FRANCISCO HISTORIC STREETCAR

The San Francisco Municipal Transportation Agency (SFMTA) has oversight over the Municipal Railway (Muni) public transit which includes the historic streetcar. The advertising program for the entire system is contracted out through an agreement with Intersection.



Advertising opportunities on the historic streetcars (not the iconic cable cars) are limited to interior signage only. Cost is \$352 for a four-week period per sign. A “Dominate” option is available for the entire car for \$5,100 per four-week period. Currently, 23 cars have advertising with approximately 14 ads each (three different size options). Guaranteed minimum revenue to the SFMTA for FY18/19 was \$6m (for approximately 1,055 vehicles). Actual payments have been slightly over the minimum for the past two years.

TECO Line Streetcar (Tampa Bay)

The TECO Line Streetcar in Tampa Bay, Florida, is managed by the non-profit Tampa Historic Streetcar, Inc. with operations provided by contract with the Hillsborough Area Regional Transit Authority (HART). The City of Tampa provides support through traffic management, police response or other activities related to managing the operation. The TECO Line has 10 historic streetcars and 11 stations.

The TECO Line is named after Tampa-based TECO Energy which bought the naming rights to the system in perpetuity for a one-time \$1 million donation. In addition, two of the streetcars are

sponsored in perpetuity for one-time donations of \$250,000 each and two of the stations have committed sponsors for thirty years generating \$175,000 in revenue.

The remainder of the sponsorship program is managed in-house by HART staff. Both stations and streetcars are available for sponsorship.

Stations are marketed at between \$10,000 and \$30,000 per year and streetcars are advertised at \$250,000. HART staff indicated they are in the process of revamping their sponsorship program.



Additional Information

Toronto Streetcar (TTC) sells advertising on its roughly 225 streetcars through Pattison Outdoor. Pricing is between \$6,500 and \$27,000 per month (USD) depending on whether it is a full or partial wrap and TTC receives either a Minimum Annual Guarantee or a revenue share, whichever is greater.

D.C. Streetcar does not presently have any sponsorship or advertising program.

Cincinnati Streetcar contracts out sponsorship and advertising, however, we were unable to get pricing or revenues from the advertising agency.