



Metro

Los Angeles County
Metropolitan Transportation Authority

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APRIL 3, 2009

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: MATTHEW RAYMOND
CHIEF COMMUNICATIONS OFFICER

SUBJECT: INCREASING OUTDOOR ADVERTISING REVENUE ON METRO
PROPERTY

ISSUE

To explore the possibility of increasing revenue from advertising displays on Metro property, staff plans to issue a Request for Proposals from qualified outdoor advertising management firms. This report outlines the rationale for the solicitation.

DISCUSSION

There are 286 privately owned advertising displays currently in place on Metro property and rights-of-way around the County of Los Angeles. Metro realizes approximately \$2.5 million in annual revenue from these ground leases.

Staff has been approached by several firms offering services to help increase revenue from this outdoor advertising inventory. Suggestions have included outside management and reorganization of the assets by advertising specialists and/or installation of new types of digital displays. These firms estimate that annual revenues from the current locations could be doubled to \$5 million or more, while new installations of digital displays could generate \$500,000 each, or \$10 million annually if 20 locations were implemented.

To explore the viability of these options, Staff from the Communications and Real Estate departments are working together to release a Request for Proposals for qualified firms to formally propose specific plans for maximizing revenue from outdoor advertising displays on our property while incurring no new costs to Metro. Qualified firms will be asked to propose on any or all of the following options:

- Providing ongoing asset management services for outdoor advertising
- Renegotiating outdoor display advertising licenses

- Developing inventory options to increase revenue while reducing the number of existing displays and/or converting existing installations to digital advertising displays

Included in any Request for Proposal will be a requirement that the proposer investigate the local and state ordinances which control the placement or removal of an existing advertising display to assure that the various municipalities are likely to permit the increase or decrease in the type of displays recommended for placement on Metro property.

Staff will evaluate all proposals and bring any resulting contract recommendations to the Board for review and approval.

NEXT STEPS

Staff will prepare and release the RFP by June 2009, allowing a period of at least 60 days for response by interested firms. Assuming viable options are found, staff could return to the Board with contract recommendations as early as September 2009.