

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Minutes of Special Meeting of
the Board of Directors of the District

December 7, 1976

On notice duly given, the Board of Directors of the Southern California Rapid Transit District met at a special meeting in the District Board Room, 425 South Main Street, Los Angeles, California, at 9:00 a.m. on December 7, 1976, at which time President Byron E. Cook called the meeting to order.

Directors present:

Byron E. Cook	Jay B. Price
Marvin L. Holen	Ruth E. Richter
Mike Lewis (9:20 a.m.)	Charles H. Storing
Thomas G. Neusom (12:30 p.m.)	George Takei

Directors absent:

George W. Brewster
Donald Gibbs
Baxter Ward

Staff present:

Jack Stubbs, General Manager Pro Tempore
George L. McDonald, Manager of Planning & Marketing
Richard Dimon, Acting Director of Marketing & Communications
Connie Ward, Advertising Manager
R. K. Kissick, Secretary

Mr. McDonald stated the purpose of the meeting was to receive presentations from the finalist firms proposing to serve as the District's advertising agency, and reviewed the process at which the staff had arrived at the selection of the finalist firms, together with what the staff would look for in connection with each presentation.

Connie Ward stated that each presentation would be limited to forty minutes, followed by a question and answer period.

Presentation by Firm of Keye/Donna/Pearlstein

Presentation by the firm of Keye/Donna/Pearlstein was made by Messrs. Paul F. Keye, Mario Donna, Leonard Pearlstein and Doug Hedlund, with the principal portion being presented by Mr. Hedlund.

They emphasized a marketing program which would increase ridership and indicated bus ridership in the Los Angeles area was 4.7% of the population, as compared to 10% to 15% in other cities. They presented radio and TV commercials being used by present accounts.

Following the presentation, President Cook acknowledged the problems of advertising public transportation and, since the District is expending public funds, there has to be a financial justification for the advertising. Mr. Pearlstein felt people must be convinced that the bus is a good economic form of transportation and be accepted--that his firm felt the need was to get the people who are not riding the bus and these results would not be available until tried.

There was a short discussion of trade-offs with department stores, etc., with the presentation concluded at 10:15 a.m.

In between presentations, Connie Ward advised that all firms had been advised that the District Board and staff were interested in obtaining cooperative advertising and should be prepared to respond.

In response to an inquiry, Connie Ward reported that the total expenditures for advertising during the last fiscal year had been approximately \$675,000, with \$94,000 being in community newspapers, \$142,000 in

metropolitan newspapers, \$73,000 in billboards and \$105,000 in radio (not including trade value), with the balance being production, art and other costs.

Presentation by Firm of Honig-Cooper & Harrington

The presentation by the firm of Honig-Cooper & Harrington was made by Messrs. Sherman Slade, John Doyle, Burton Weiss, Tom Wood and Miss Lydia Reeve.

They reviewed the marketing objectives which they felt the District should challenge and that, if selected, their campaign would be directed toward the people who could be tempted to ride the bus but are not convinced. They suggested 30% radio and 70% community newspaper advertising, rather than the reverse. They emphasized the need for community programs and presented samples of newspaper and radio ads using the telephone number "BUS INFO."

Director Price felt newspaper circulation was going down and inquired if radio and TV were better means of reaching the public. Mr. Wood stated some major newspaper circulations were down but felt the community newspaper circulations were not down significantly, and that radio and TV were effective but expensive.

Mr. McDonald inquired regarding their transportation expertise and was told they felt their people could adjust to any type of account whether they were experienced in it or not. On inquiry of Director Storing, they stated that rush-hour radio ads were effective.

The presentation was concluded at 11:27 a.m., followed by a five-minute recess.

Presentation by firm of Stern, Walters/Earl Ludgin, Inc.

The presentation by the firm of Stern, Walters/Earl Ludgin, Inc. was made by Messrs. Lee J. Walters, Richard Marin and Skip Talbert.

They presented ads being used by present clients, including the Chicago CTA. They felt that some of the RTD advertising was not necessary, but that certain types of advertising could be effective. RTD needs a program which would be of a public service communications type, and suggested area maps to save telephone information calls. Suggested tie-in of what they called "THE MAP" distribution with a major soft drink company, along with radio commercials, samples of which were presented. They also suggested door-to-door delivery of maps, especially in areas where line ridership was poor. They also stated there were methods of stretching media dollars with barter, including car cards.

On inquiry of Director Takei, they felt they could get a \$60,000 rebate on trade-offs over a year's time. The door-to-door delivery could be on a multi-cooperative basis with several companies involved to save distribution costs.

The presentation was concluded at 12:25 p.m.

The Board recessed for lunch at 12:25 p.m. and reconvened at 1:00 p.m. with all Directors present except Brewster, Gibbs and Ward.

Presentation by Firm of Davis, Johnson, Mogul & Colombatto

The presentation by Davis, Johnson, Mogul & Colombatto was made by Messrs. Robert J. Colombatto, Trevor Goodman and Ronald Kojis. They outlined their clients and amounts of billings for each, presented radio and TV commercials for which they have been responsible and emphasized "Get Attention" creative advertising. They felt that "cute" ads and jingles were not necessary, but needed ads that provided basic communication, and that they could identify

marketing problems and do something about them. Their research for RTD included placing a staff person on buses for one week asking questions of bus passengers and gathering information. Their survey indicated that bus drivers are surly and rude and felt the drivers needed an incentive program.

Director Holen inquired if they had a more specific program than the generalities outlined. Their reply was that there were three kinds of markets: 1) those who are already riding; 2) the "car nut" who you will never get out of his car, and 3) the ones in the basic middle class who are potential riders. The problem is to pinpoint them and communicate with them.

Mr. McDonald inquired which of their clients made them feel they could market public transit, and they replied the U. S. Postal Service. Mr. McDonald then asked what good would ads do if they are too constrained, and the reply was they felt they could make them work.

The presentation was concluded at 2:00 p.m.

Presentation by Gumpertz/Bentley/Fried

The Gumpertz/Bentley/Fried presentation, the District's present advertising agency of record, was made by Richard Fried, Ted Woodson, Jack Gowdy, Gordon Gumpertz, Phil Bentley, Margaret Jenkins, George Lewis and Mikio Osaki.

They reviewed present clients and what they have done for RTD during the term of the present contract and extensive plans for RTD next year. They stated radio and media advertising by means of the transfer ads trade-off could amount to about \$165,000 for next year.

Director Takei inquired if next year's budget could be effectively reduced, and the answer was not unless absolutely necessary because of so many new District programs in effect. Director Price felt more emphasis should be placed on advertising in areas where sector programs were in effect, rather than downtown, etc., and promote little used lines. They agreed but felt that advertising within a complete sector was equally as efficient as marketing individual lines. Director Holen inquired what criteria the agency would recommend and was the amount allocated inadequate or could we get by with less. They replied that additional statistical data is being developed which will enable them to better pinpoint where needs are which will result in an advertising program which can be more effective, and that goals, objectives and guidelines have to be set. Director Storing felt that the word "Drive" in a theme they presented reading "Drive them out of their cars" should be changed to "entice" or some similar word.

The presentation was concluded at 3:25 p. m. and the Board recessed for five minutes.

The Board reconvened at 3:30 p. m. with all Directors present except Brewster, Gibbs and Ward.

President Cook spoke to the merits of having an advertising program and wondered if a moratorium on an agency might not be tried and see how the experiment works for about ninety days, then check the figures and reassess the Board's position at that time.

It was determined the agency is paid from commissions. On inquiry, Mr. McDonald stated that only two or three District staff are involved in working with the agency.

Director Neusom felt neither the District staff nor the agency could fully evaluate the methods of getting people out of their cars and increasing ridership, and perhaps it might be necessary for an outside consultant to ascertain this, but he also felt the District needed an advertising firm in order to place ads in newspapers, radio, etc.

Mr. McDonald stated that the staff has made a commitment to advertise three sector programs on a line-by-line basis--South Bay, Mid-Cities and San Gabriel Valley--as well as a monthly pass promotion program, and suggested the staff be authorized to continue these programs to completion. Director Takei felt some expenditures were necessary and that a moratorium would be inappropriate at this time.

Director moved that the contract with the present firm be extended for an unspecified period of time with a type of contract which would permit termination by the District on five days' notice at any time, with the staff to not get involved in any advertising campaign that would amount to a substantial cost without prior approval of the Board, which motion was seconded.

On inquiry of Director Richter, Mr. McDonald stated that the South Bay portion of the three-sector program under way was estimated to cost \$20,000. Director Richter felt that such a commitment should not have been made since the contract with the present firm expires on January 1st. Director Holen felt that public information was a necessary function but didn't have any idea of what a reasonable budget was.

Resolution
No. assigned

President Cook felt the firm of Stern, Walters/Earl Ludgin had made an effective presentation. Director Lewis inquired as to the status of the system map. Mr. McDonald replied that 2-million sector maps have been distributed during the last two years, but we do not have a true system map; however, a system map booklet draft will be brought to the Board in the next few weeks which initially will sell for 50¢, with the long-term hope to get a commission sponsor. Mr. Lewis felt that the Board should be more involved in developing the advertising and marketing policies, have improved bus stops, a driver behavior program and simplify schedules.

Director Storing felt that perhaps the present agency could have done a better job if they had not had to work on two rapid transit proposals and two work stoppages, and that many good ideas had been presented at today's meeting that might get some people out of their cars.

The question was called for on Director Neusom's motion, carried as noted below, and the following resolution adopted:

R-76-519

RESOLVED, that the General Manager is authorized to extend the contract with the firm of Gumpertz/Bentley/Fried, the District's advertising agency of record, effective January 1, 1977 for an unspecified period of time, with said extension to provide a clause permitting termination of the contract upon the giving of five days' notice by the District; form of extension subject to approval of the General Counsel;

Resolution
No. assigned

R-76-519
(continued)

RESOLVED FURTHER, that future advertising promotions which would amount to substantial costs will not be implemented without prior approval of the Board of Directors.

Ayes: Cook, Holen, Lewis, Neusom, Price, Richter,
Storing, Takei
Noes: None
Abstain: None
Absent: Brewster, Gibbs, Ward

(Directors Neusom and Price left the meeting at 4:08 p. m.)

Mr. McDonald reported that the staff needed guidance from the Board regarding continuance of advertising the three sector programs and the pass promotion program previously mentioned.

On motion of President Cook, seconded and carried as noted below, the following resolution was adopted:

R-76-520

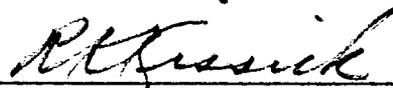
RESOLVED, that the staff is authorized to carry out to completion the program advertising individual lines within the South Bay, Mid-Cities and San Gabriel Valley sectors, together with the monthly pass promotion program.

Ayes: Cook, Holen, Lewis, Richter, Storing, Takei
Noes: None
Abstain: None
Absent: Brewster, Gibbs, Neusom, Price, Ward

The staff was directed to send letters of appreciation to all firms making presentations at today's meeting, thanking them for the time and efforts they devoted in response to the District's request.

Mr. McDonald stated that he would come back to the Board in January or early February with a program designed to analyze the effectiveness of advertising.

The meeting was adjourned at 4:12 p.m.

A handwritten signature in cursive script, appearing to read "R. H. Kussick", is written above a horizontal line.

Secretary