TO: AC Transit Board of Directors

FROM: Michael A. Hursh, General Manager

SUBJECT: Concurrent Development of BRT Visual Brand Identity, Sponsorship Policies, Pursuit of Sponsorships, and Naming Rights

ACTION ITEM

RECOMMENDED ACTION(S):

Consider approving the recommendation of the BRT Policy Steering Committee (PSC) to seek sponsorships, develop the Tempo visual brand identity and develop sponsorship policies concurrently while remaining open to naming rights for the appropriate sponsorship commitment level for the Bus Rapid Transit service.

EXECUTIVE SUMMARY:

On January 14, 2016, the BRT PSC received presentations from staff and sub-consultant Gobis & Co. LLC, on sponsorship strategies and visual brand identity for Tempo. As a result, the PSC’s recommendation has been forwarded to the AC Transit Board of Directors for approval.

BUDGETARY/FISCAL IMPACT:

Approval of the PSC’s recommendation will allow staff and sub-consultants to pursue sponsorships and naming rights to offset a portion of BRT operations and/or maintenance costs; an amount that is yet to be determined.

BACKGROUND/RATIONALE:

On January 14, 2016, John Gobis and AC Transit staff presented the PSC with updates on BRT sponsorships (Attachment 1) and visual brand options for Tempo. Mr. Gobis responded to questions, provided clarification for the PSC, and advised that the development of the Tempo visual identity, pursuit of sponsorships, and development of a sponsorship policy should be undertaken concurrently, while remaining open to the possibility of securing naming rights. After much discussion, including a concern raised by Director Harper regarding the timing of the sponsorships, the PSC unanimously recommended that the AC Transit Board approve and move forward with the Gobis recommendation.

ADVANTAGES/DISADVANTAGES:

Working on these tasks concurrently minimizes delays on visual identity development of Tempo in anticipation of a major groundbreaking ceremony event, while meeting with potential...
sponsors and developing a sponsorship policy. There are no known disadvantages of pursuing these tasks concurrently.

**alternatives analysis:**

The Board may choose to delay any one of these tasks. However, staff does not recommend this option.

**prior relevant board actions/policies:**

Staff Report 15-190 - Naming options for AC Transit’s East Bay Bus Rapid Transit service and approve the selection of the name “Tempo” for the service.

**Attachments:**

1: January 14, 2016 Presentation to the BRT PSC

**Executive Staff Approval:** Tom O’Neill, Chief Information Officer

**Reviewed by:** David Wilkins, BRT Project Director

**Prepared by:** Michele Joseph, Director of Marketing & Communications
BRT Sponsorship Update
January 14, 2016

Sponsorship Strategy

• Make the Stations and the Service More Relevant
• Reduce AC Transit’s Capital and Operating Costs
• Change how the Public Thinks About Transit
• Make the Service and Stations a Source of Community Pride
Influence of Brand on Sponsorships

- No advertiser/organization will sponsor a service or facility that has no identity
- Sponsors seek out opportunities as supportive of their brands or focus
- The Tempo brand validates the BRT concept for potential sponsors
- Brand helps sponsors conceptualize the sponsorship and how it supports their own marketing activities
Sponsorship vs. Naming Rights

- **Sponsorship**
  - Supportive of an event, service organization or facility
  - Multiple Sponsor Opportunities
  - Cleveland's Healthline has multiple sponsors
  - Limited risk and control for sponsors
  - More flexibility for the event or service
  - Sponsorships can be cash or in kind services

- **Naming Rights**
  - Name of facility, service or event in branded to one organization
  - Used primarily for facilities or events
  - Sponsor has ultimate control
  - Assumes risk with this control
  - Not commonly used for services because of the control issue
  - UC San Diego/ MTS Blue Line

Revenue Development Scenarios

- **Sponsorship**
  - Can be multiple sponsors
  - More of a collaborative effort
  - Cobranding/marketing
  - Only roadblocks are in same product or service categories
  - Sponsorship agreement can be for shorter terms, but usually five and ten year terms

- **Naming Rights**
  - Revenue from the Naming
  - Exclusivity; commands higher value
  - Sometimes roadblocks sponsorships
  - The name comes with more control over marketing, operations
  - Usually long-term agreements
Kaiser Permanente Sponsorship Example

Sponsorship vs. Naming Rights

- Naming Rights allows the sponsor to brand the facility or service- Levi’s Stadium in Santa Clara
- Sponsorship is supportive of the brand equity of an existing service/facility/organization
- Naming rights come with much more direct control/oversight by the sponsor- Levi’s or Citi Field in New York
- Advertisers see risk in anything they cannot control themselves
- Sponsorship is a partnership more in keeping with public services and facilities- Huntington Bank and RTA
The Status of Sponsorships

- Cleveland and San Diego have been successful
  - HealthLine sponsorship is $250,000 annually for 25 years, but nets only $175,000 annually due to 30% commission paid to consultant
  - New York, Chicago, Boston, Denver, San Francisco (Transbay Terminal), and others have been unsuccessful
- There are 32 teams in the NFL; seven have been unsuccessful in selling naming rights to their stadiums
- Successful sponsorships go beyond just the sponsorship.
  - Cleveland’s Health Line promotes much more than employers, visitors and patients using bus service- it promotes a healthy lifestyle of walking and using transit.

East Bay Naming Rights

O.co Coliseum
- Six-year agreement
- $1.2 million annually

Oracle Arena
- Ten-year agreement
- $3 million annually
Tempo Sponsorship

- Consider sponsorship revenue as revenue that endorses the project and AC Transit.
- Develop a compelling case for sponsorship.
  - Most recent ACS Survey indicates 27% of the residents on the corridor are under 20 years of age, 11% live under the Federal Poverty Level, and portions of the corridor have the second highest rate for child asthma in California.
- Charitable Giving is Up In The East Bay - Individuals, Foundations and Corporations (Give Well).

Sponsorship Policy – Future Implications

- Have a policy that accommodates both sponsorship and naming rights; allow for both opportunities
- Policy should address strategies to protect the agency's brand and avoid customer confusion
- Policy is needed to handle future expansions of BRT - Value of the association with the service increases as brand equity is developed
- The value of infrastructure and essential services will increase over time
- Allow for Corporate Partnerships - Service underwriting, free fare days, maintenance of passenger amenities, etc.
- CTA and Transport for London
Transit in the East Bay Has A Rich History

• Tempo is first and foremost a public service
• Despite sponsorship, the public still makes the largest contribution to the operation of the service
• Tempo will boost AC Transit’s brand equity and have positive impact on agency ridership and revenue
• Sponsorship is best suited to AC Transit’s needs today and into the future

Next Steps

Work through each of these tasks concurrently. Be flexible and remain open to naming rights for the appropriate sponsorship commitment level.

Seek Sponsorships
January to June 2016

Develop Tempo Visual Brand Identity
January to March 2016
• Design logo, color and vehicle paint scheme options
• PSC review of options
• Board review and approval
• Brand standards manual

Develop Sponsorship Policies
January to April 2016
• Peer review
• Draft policies
• Legal review
• Board approval

Ground Breaking Ceremony / Tempo Brand Reveal
April 2016