

Region of Waterloo
Transportation Services
Transit Services

To: Planning and Works Committee
Meeting Date: October 10, 2023
Report Title: Changes to GRT Advertising Policies

1. Recommendation

That the Regional Municipality of Waterloo approve the following changes to the Region’s advertising policy for Grand River Transit buses and light rail vehicles as set out in report TSD-TRP-23-010, dated October 10, 2023:

- a) Increase the current limit of five (5) fully wrapped buses at any one time to 10% of the existing fleet at any one time;
- b) Introduce a program to ensure bus wraps led by the Region of Waterloo to drive awareness for social initiatives do not reduce the opportunity for revenue from GRT's advertising program;
- c) Allow exterior vinyl advertising for social initiatives and/or revenue generating programs on one (1) ION train at any one time.

2. Purpose / Issue:

Grand River Transit is investigating additional revenue opportunities in order to offset the increasing costs of operation. By allowing an increased number of wraps, those addressing social initiatives will not count against “saleable advertising” space, and Grand River Transit will be able to save on advertising costs, and allow the wraps to stay on GRT buses for longer periods of time.

3. Strategic Plan:

These changes help support key theme 6.8 Car-free Mobility, under Climate-aligned growth in the 2023-2027 Strategic Plan by investing in transit.

4. Report Highlights:

- In recent years, Grand River Transit’s Pride Bus has generated positive feedback and showed the Region of Waterloo’s commitment to the 2SLGBTQIA+ community.
- Currently, this wrap is limited to one month because of the cost of purchasing

advertising space and limits set on the number of full bus wraps permitted in GRT's contract with its advertising partner, Pattison Outdoor.

- By separating social initiatives from saleable assets, Grand River Transit will only incur production costs and can maintain these wraps in the community longer, while maintaining advertising spaces and revenue opportunities
- Demand for transit continues to grow, which has increased interest in advertising on transit.
- Increasing revenue through advertising is an efficient way to invest and improve transit service without impacting transit fares or the Regional tax levy.
- Advertising on the exterior of one ION train can provide additional annual revenue for Grand River Transit and provides an opportunity to explore demand for advertising on the exterior of ION trains. Other transit agencies, including the Toronto Transit Commission, Calgary Transit, and GO Transit already include exterior ads on streetcars and/or trains in their advertising programs.
- Advertising wraps on ION can be limited to minimize impacts and obstructions on windows (see appendix A). Social initiative wraps on ION will have limited window coverings, if any.
- With increased demand for advertising and current limits on vinyl wraps, advertisers turn away from transit advertising and look for other mediums to promote their services.
- As part of the existing contract, GRT is exploring digital shelter ads, which could also bring in additional revenue. These digital ads are scheduled to launch in 2024.

5. Background:

Pattison Outdoor currently manages all Grand River Transit advertising, excluding outdoor benches. The region entered into a 10-year agreement on November 1, 2019 which includes advertising on bus shelters, ION platforms, interior bus cards and external bus advertising.

The Region receives guaranteed revenue, averaging \$1,546,500 per year over the life of the contract, but can receive higher revenue based on sales exceeding the minimum guarantees. In the event sales exceed the minimum guarantees, Grand River Transit receives 65% of the gross revenue share of sales on LRT platforms and bus advertising (interior and exterior). The revenue for sales on bus shelters is 40%.

Currently, bus wraps are limited to five (5) fully wrapped buses at any one time and an unlimited number of other vinyl or card advertising. This represents 1.8% of our existing

fleet.

Any community bus wraps, such as the GRT Pride bus, count against the five (5) buses allowed to be wrapped. For the Pride Bus, advertising costs are absorbed by the Region, along with production costs.

As per TES-TRS-18-08, advertising on the exterior LRT was not recommended due to concerns of diminishing the ION brand. This restriction was also applied to ION buses, for a consistent experience. While there were no formal limits on advertising on the LRT interior, advertising has not been present on the interior of ION since launch.

6. Communication and Engagement with Area Municipalities and the Public

Public: Based on customer feedback, Region of Waterloo led wraps will be designed to minimize window coverings to maintain the customer experience. Grand River Transit will continue to work with Pattison to ensure that vinyl bus wraps for saleable assets maintain an appropriate amount of interior lighting and minimize exterior obstructions.

7. Financial Implications:

The 2023 total budgeted advertising revenue is \$1,667,000. The 2023 year-end projection is \$1,800,000.

The total 2024 budgeted advertising revenue is \$1,700,000, additional revenue may be received based on advertising performance.

If the recommendations are approved, performance based bus advertising revenue is expected to grow by \$300,000 and ION advertising revenue is expected to grow by \$200,000, the total 2024 forecasted revenue for advertising would be \$2,200,000.

8. Conclusion / Next Steps:

Subject to Council approval, staff will prepare a report for information about the implementation of the community bus wrap program in 2024 and provide an update on revenues that result from an expanded advertising program.

9. Attachments:

Appendix A: Sample ION wrap with limited window coverings.

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