

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

Action
 Information

MEAD Number:
99943

Resolution:
 Yes No

PURPOSE

The purpose of this action item is to update the Board on refinements to the plan now known as The Metro Channel, and request approval to initiate an Request For Proposal (RFP) for an exclusive advertising partner, to include deployment and operation of The Metro Channel, for WMATA.

DESCRIPTION

In November 2005 the Metro Board adopted Resolution 2005-48. This resolution approved initiation of a competitive procurement process to upgrade and integrate Metro's customer communication systems by licensing advertising assets through partnerships with private companies. To date, under the authority of the 2005 resolution, Metro has completed an Request For Information (RFI) and prepared an RFP that is now ready for release.

The Metro Channel is envisioned to be an advertising-supported, state-of-the-art network of digital signage (and possibly wireless messaging) system that will:

- enhance the rider experience
- create new avenues for customer information access
- unify and simplify communications in incidents, closings, and emergencies
- generate advertising revenues for the authority

By leveraging and enhancing train and bus arrival information from existing passenger information systems (such as the PIDs), The Metro Channel will make real-time passenger information ubiquitously available to our customers throughout the Metro franchise: on platforms, mezzanines, entrances, exits, rail cars, buses and other Metro properties using space that previously was only used to deliver advertising.

At the end of the multi-year project we anticipate the installation of 3000-5000 LCD or plasma screen displays on Metro properties including buses and rail cars.

In addition to customer information for normal operations, the system will provide Metro a robust capacity to instruct riders during incidents and emergencies.

In addition to The Metro Channel (digital advertising) license, the RFP also includes a license to sell advertising across the authority's entire advertising franchise upon completion of the existing advertising contract in 2010. Respondents are required to submit business terms that include revenue guarantees in exchange for the license to be Metro's exclusive advertising partner.

FUNDING IMPACT

Costs for deploying and operating The Metro Channel will be fully funded from future advertising revenues. In the expected scenario, respondents to the RFP would underwrite the costs. Alternately, Metro could return to the Board with a proposal to finance the project through a revenue bond secured against the future revenue. In either case, Metro would not need to fund any of the capital or operational costs of The Metro Channel system except incidentals like power.

New revenues generated by The Metro Channel, while likely to be significant, are unlikely to immediately replace lost advertising revenue Metro has become accustomed to from its guarantee from CBS Outdoor (CBS). The \$37-\$40M annually that Metro currently collects from CBS is expected to fall significantly in June 2010 when our advantageous contract expires.

It is Metro's expectation that practically all advertising revenue after June 2010 will be generated by the RFP the Board is being asked to approve to initiate.

RECOMMENDATION

Request Board approval to initiate and award a contract for an exclusive advertising partner, to include deployment and operation of The Metro Channel for a period of ten to twenty years including non-electronic media within Metro's property starting in June 2010.