

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

October 26, 2006

TO: BOARD OF DIRECTORS  
THRU: Larry Rubio, Chief Executive Officer  
FROM: *SR* Scott Richardson, Director of Marketing  
SUBJECT: Marketing Budget and Ridership Report

Summary:

At its April 5, 2006, meeting, the Budget and Administrative Committee asked staff to prepare a report comparing the marketing budget to ridership trends.

Until May, overall ridership trended relatively flat, approximately 8.5 percent below the previous year. This ridership drop has been attributed to the overall 25 percent increase in fares that was implemented April 3, 2005.

In May, however, overall system ridership showed an increase of nearly 2 percent over the previous year, signaling a turnaround in the number of people riding RTA. This trend has continued each month through August which showed an overall ridership increase of 4.8 percent.

In comparing segments of August 2006 ridership to that of August 2005, CommuterLink ridership is up 39 percent, contracted fixed routes are up 11 percent, directly operated fixed routes have increased 3.2 percent and Dial-A-Ride ridership increased over 9 percent.

The FY 2005-2006 budget for marketing operations was set at \$411,550 (excluding salaries and benefits). Of this amount, \$115,000 was allocated for marketing programs which includes ridership promotions and advertising. The remainder was budgeted for items such as printing, website maintenance, ADA certification, promotional items and special event service.

The \$115,000 marketing program allocation covered all advertising placement, graphics production of the three printings of the Ride Guide

and System Map by an outside vendor, graphics production of brochures and advertisements by an outside vendor, public relations services and sponsorship in community events.

Major promotions in FY 2005-2006 included the Festival of Lights, the Corona/Norco/District 2 Holiday Trolley, the 7-Day Pass introduction, the Power Pass introduction, and the “Dump the Pump” promotion. In addition, RTA continued its community outreach efforts and completely redesigned its website for a much more user-friendly feel. Because the majority of these efforts were conducted fairly recently, their effects may not be fully realized at this time.

Many companies analyze their marketing costs by measuring their marketing budget on a per customer or per sales basis. Analyzing RTA’s marketing costs on a per customer basis over the past three years shows the following:

Fiscal Year	Marketing Cost per Customer
2003-4	\$.04
2004-5	\$.02
2005-6	\$.02

The approved FY 2006-2007 marketing budget (excluding salaries and benefits) is \$369,900, which is a decrease of 10 percent compared to the previous year. The marketing program budget for advertising, promotions, etc. is \$101,800, a reduction of 12 percent. A major portion of the reduced budget was the result of purchases for FY 2006-2007 that were made during FY 2005-2006.

FY 2006-2007 marketing programs are planned to include new promotions such as the introduction of the Crest Cruiser UCR route, the UCR U-Pass program and the 10-Trip Pass introduction in addition to traditional promotions such as the Festival of Lights and the Corona/Norco/District 2 Holiday Trolley. The Agency also promoted the changes to Route 17 earlier this fiscal year. Staff is looking into the possibility of partnering with Metrolink for joint CommuterLink promotions where advertising costs would be shared in order to stretch available funds. In addition, RTA will continue to conduct the many marketing activities that have little or no cost such as community displays; parade participation; and presentations to schools, seniors, and community groups. RTA is also continuing its active press relations program to pursue placement of newsworthy items in local media and will further expand the Power-Pass program to encourage purchase of passes.

Fiscal Impact:

Approved budget for general marketing expenses in FY 2006-2007 is \$369,900.

Committee Recommendation:

This item was discussed at the Board Budget and Administration and Board Operations Committee meetings of October 4, 2006. The Committees' members unanimously approved recommending this item to the full Board of Directors for their consideration.

Recommendation:

Receive and file.