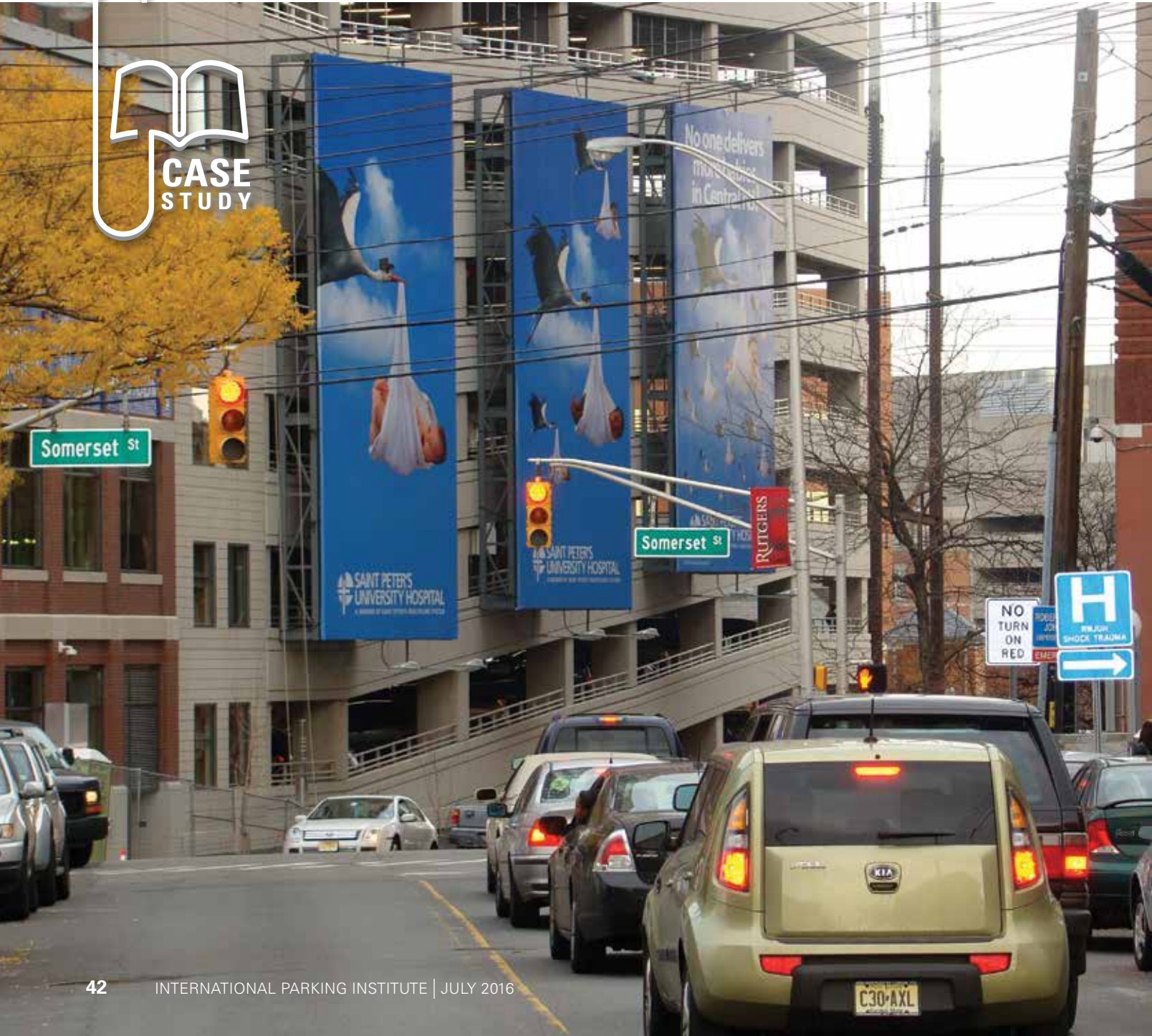


A Beautiful Thing

By Mitch Karon, CAPP

How a municipal parking authority uses outdoor advertising to lend spark to its garages while boosting revenue.





During my 16 years as executive director of the New Brunswick Parking Authority (NBPA), I have personally been involved with the development and construction of four parking garages. The comment we hear most often during the planning stage is, “Oh no, not another ugly parking garage!” While dressing up the façade of a garage would be welcome by all involved, financial constraints have prevented our authority from doing so. The greater construction costs would result in the need for higher parking fees. Higher parking fees tend to be bad for business, and we need to be conscious of the public’s needs and accessibility to affordable public parking. And so we started asking how we could afford to make our structures more aesthetically pleasing without raising rates. And we found the answer!

In 2013, the NBPA was involved in a public-private partnership development called the Gateway/Transit Village Project. When completed, this multi-use structure would consist of a 10-level garage that served as the foundation for retail space on the street level and a 24-story residential tower. It would also be home to six floors of office space; all told, it would be the tallest structure in the city.

The Challenge

We were challenged with making this icon attractive to passersby, residential and retail tenants, and all visitors. We were very limited in our solutions as keeping costs down was paramount to maintaining a similar rate structure to our other six garages. We wanted to avoid any costly additions that may require maintenance down the road or those that become outdated over time. Enclosing the decks requires mechanical ventilation and adds millions of dollars to a build-out, which was out of the question. The Northeastern climate also prevented us from relying on plantings and greenery





that would only solve our problems for a small portion of the year. Our options were limited.

An unrelated trip into Manhattan led to a decision that we have not regretted for a moment. Walking around New York City and seeing advertising signs and messages on parking decks made me realize that revenue was being generated by using and monetizing blank parking garage walls and parking lots. The vibrant billboards and large-scale wallsapes that line buildings of all types, including parking structures, were impressive. Noticing them for the first time, I wondered if advertising would be a viable option for the Gateway project.

Not knowing much about outdoor advertising and how the programs work, I started doing some research to find out what the benefits would be for property and building owners. I reached out to billboard advertising companies. After speaking to them, I was sure that erecting outdoor advertising signs would not only help improve the drabness of the garage façade but also add to the authority's revenue stream.

The signs' size ensure they have no negative effect on the ventilation requirements within the garages. The wallsapes are illuminated and help add to security in and around the premises. With budgets tightening, these outdoor advertising signs help public and private parking garage owners, operators, and managers generate ancillary revenue and help boost their bottom lines.

Parking maintenance operations are regularly burdened with funding requests to help maintain and repair parking facilities; outdoor advertising generates funds to help cover those costs. Budget shortfalls and increased operational expenses do not have to be our customers or taxpayers' responsibility. It seemed like the best of both world, truly a win-win.

Implementing a Program

Under my direction, the NBPA signed a 10-year lease agreement with an outdoor advertising company. The highly respected company we chose is privately owned and operated and very experienced in the billboard industry. Being new to this type of business arrangement, it was important that the company we chose excelled in explaining and communicating throughout the process. Happily, our partner proved very forthcoming with information and kept us constantly updated.

The company conducted a true market assessment and gave us the best opportunity to generate the most revenue from the space available for outdoor advertising signs. Our first lease allowed for the erection of four billboards on the Gateway Garage. After the lease agreement was signed, the outdoor advertising company practically took care of the entire project.

The sign-permit approval process was the most challenging part of the project. Regulations restricted the development of the signs on our parking deck, and I began preparing for a long and costly battle with the State of New Jersey. Under the guidance of our sign company, we worked along with the New Jersey Department of Transportation Outdoor Advertising Services Agency, and in a collaborative effort, we prepared for the special waiver request process.

The sign company had several meetings with leaders from the Department of Transportation and gained its support to request a special waiver from the New Jersey State House Commission. The issuance of outdoor advertising permits had to be unanimously approved by the select State House Commission Board.

Getting a Waiver

Staff members from the Department of Transportation first testified that they determined the signs to be in the best interest of the public and supported granting the ap-

appropriate waivers to promote the success of the Gateway/Transit Village Project. The waiver approval process also required my testimony before the State House Commission, where I explained that the aesthetic improvements would be beneficial, the signs would provide a creative and positive image, and that the revenue generated from the signs would provide revenue that will help improve our parking and customer service—all that makes up a visitor's experience—without increasing expenses.

Of importance was support for the project from New Jersey State Sen. Robert Smith. He testified, "New Brunswick has been the phoenix rising out of the ashes. If you saw it 40 years ago, the city was in awful condition." He pointed out that the city's redevelopment plan has become the model for urban redevelopment in the state.

Smith testified that that the proposed signage would financially benefit the City of New Brunswick and that the signs would be an enhancement to the cityscape. He concluded by stating, "Quite frankly, that's enough for me. They know what they're doing in New Brunswick, and it sounds to me like they found a way to not only improve the aesthetics, which is part of their cityscape look, but also generate a little revenue. God bless America; capitalism works. I move the approval."

Installation and Results

The sign waivers were granted with the unanimous approval of the commissioners, and we started developing the advertisements. The sign company secured the required state and local permits and with the approval of the structural engineer, arranged for the construction of the sign frames and electrical lighting.

After the signs were installed, illuminated, and operational, I was not surprised that they looked great, which was great validation that we'd made the right decision. The signs not only provided a vibrant enhancement, but their lighting provided additional illumination and security for everyone who visited the garage. Because the new lighting offered such a benefit, I asked the sign company if the lights could stay on from dusk to dawn. They understood the security aspect and agreed to extend the hours of illumination. Our outdoor advertising partner covers the cost of electricity to illuminate the signs along with all maintenance of hardware and sign

materials. The company really took care of everything throughout the process and beyond.

We negotiated a lease that requires a percentage of billboard advertising sales to be shared with the parking authority, and a set minimum guarantees NBPA revenue from the billboards. Every advertising sales contract is completely transparent, and we are able to review the advertiser rates, sales commissions, and our portion of the revenue. We are also given final approval on the advertiser and content of the advertising. Being in a college town,

I prefer not to advertise liquor (although I am sure liquor advertising is not needed in a college town).

The outdoor advertising signs were erected within six months from the time the lease was executed. Since that time, we have enjoyed a constant revenue stream with no equipment malfunctions, no phone calls, and no customer complaints, and we are

guaranteed to generate revenue. It all went so well that since that initial agreement we have added seven additional billboards on the Gateway Garage and three other parking garages in New Brunswick.

The risk that we took installing outdoor advertising on our structures offered a solution to common issues both public and private owners/operators encounter, including how to manage existing services and improve and maintain these services without increasing fees. Since the signs have been constructed, there have not been any vacancies. The outdoor advertising signs promote travel, tourism, local businesses, national advertising campaigns, and public service messages. I am proud of the risk that we took—the signs provide a stable source of revenue, increase the value of our parking asset, and look terrific. Indeed a win-win.

As of this writing, we are collecting approximately \$200,000 annually in additional worry-free revenue. What were once blank walls are now revenue-generating resources, and we didn't have to raise our rates. It is not often that a source of revenue is completely worry-free and provides substantial ancillary income by using blank walls. Creative and vibrant outdoor advertising supplements offer revenue-generating possibilities for parking operations without additional costs or services. Both on our garages and in our spreadsheets, it's been a beautiful thing!



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