



Amendments to System Advertising Policy & Commercial Sponsorship and Adoption Policy



Background

In March 2024, OMB held a special Board Budget workshop to present upcoming financial outlook and options to offset budget gaps. The outlook included cost growth drivers and alternatives to address increasing budget costs including opportunities in advertising, sponsorships, and beyond.

- **Staff analyzed tactics including potential Metro policy changes, expansion of practice options, and addressing CA state laws.**
- **Considering timeline and difficulty of potential revenue streams, amending Metro’s two commercial policies were deemed prudent for immediate revenue generation opportunities.**

POLICY HISTORY

- The Advertising Policy was introduced in 2000 and has seen numerous revisions addressing growing agency assets and permissible advertising content. It was most recently amended in 2023 to address non-commercial ad restrictions.
- The Commercial Sponsorship Policy was introduced in 2021 to offset revenue losses brought upon by Covid pandemic – it has not been amended since initial adoption.

Proposed Policy Amendments

SYSTEM ADVERTISING POLICY

- **Permit Public Service Announcements (PSAs) from 501(c)(3) Non-Profits:**
 - Ads promoting health or illness prevention, education and training, and community services. Potential revenue increase of \$2 million annually.

COMMERCIAL SPONSORSHIP POLICY

- **Sponsorship Duration and Scope:**
 - Revise short term definition from 90 days to 18 months.
 - Maximum sponsorship length extended from 10 to 15 years to secure more substantial, long-term funding.
 - Examples of short-term sponsorships include brand-sponsored events or temporary station sponsorships (e.g., 'Home of Kobe Bryant').
- **CEO Approval for Non-Title Sponsorships:**
 - Delegates approval of smaller, short-term sponsorships to the CEO, expediting process from 3 months to 1 month. Allows faster response to new sponsorship opportunities.
 - The Board retains approval authority on all name changes and long-term sponsorships.

Opportunities, Risks & Concerns

OPPORTUNITIES

- **Increased Revenue Potential:** Immediate new revenue sources through policy amendments; Total projected increase of \$13.1 million annually.
- **Large Event Revenue Opportunities:** Metro's ad and sponsorship reach can leverage major events like the World Cup, Super Bowl, and Olympics and Paralympics Games.
- **Community Engagement:** Allowing PSAs and non-profit ads could provide riders with valuable information on community services and events.

RISKS & CONCERNS

- **Transit Agencies National Survey:** Almost all transit agencies permit PSAs advertising on their system with none to little issues impacting customers or the agency.
- **Content Control on Political or Free Speak:** The ad policy's other restrictions are still in place and will continue to reject controversial topics such as political speech, public issue speech, religion, among others.

Recommendation

Approve amendment to the System Advertising Policy to allow public service announcements (PSAs) ad content with restrictions.

Approve amendment to the Commercial Sponsorship and Adoption Policy to right size short-term and long-term durations and streamline administrative approvals to secure higher revenue commitments and allow faster, flexible sponsorship approvals.