

# COMMERCIAL SPONSORSHIP AND ADOPTION POLICY

- New Policy Review and Adoption

Executive Management Committee - February 2021

File No. 2020-0888



**Metro**

# CONTEXT & BACKGROUND

Economic impact of COVID-19 pandemic called for renewed funding sources, multiple agency initiatives and reports pointed to advertising and sponsorship revenues

MAY 2020 CEO: Call to Action to Control Costs Pertaining to COVID-19

JUNE 2020 OIG: Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenues

AUG 2020 CEO: Fareless System Initiative (FSI)

NOV 2020 OEI: Coronavirus Recovery Task Force Final Recommendations

Staff began writing a new policy Summer 2020

- Policy received input from impacted departments: Communications, Countywide Planning, Civil Rights, Customer Experience, Ethics, Equity, Legal, OIG, Operations, V/CM
- Commercial Sponsorship will work in concert with System Advertising and Property Naming

# OPPORTUNITIES & EXPECTATIONS

## OPPORTUNITIES

- Metro's media assets will grow with Metro's expanding transit system.  
Approx 19 new stations from now to 2027 (C/LAX, RC, PLEs, AMC Station)
- OIG: Metro's Asset Valuation Report estimated revenues at \$665M over 25 years
  - Sponsorships and Adoptions may provide a new, long-term, and steady revenue source
  - The specialist's valuation includes Metro's entire rail system (lines and stations), bus system, parking facilities, and various programs (bike share, freeway service patrol).

## SETTING EXPECTATIONS

- Economy is barely recovering from pandemic impact, revenue positive results are not expected until 2022 or later.

# POLICY HIGHLIGHTS & KEY POINTS - 1

**GOALS** Customer Experience, Equity Opportunity (and Revenue) is embedded into the goals and principles of the policy.

- Customer amenities may be provided through sponsorships
- Equity opportunities are required for each proposal and will be scored

**ASSETS** Facilities (stations, buildings), Transit Service, Programs, and Events are eligible

**MODELS** **Adoptions** - provides benefit to Metro riders in the form of sponsored amenities, services, equity opportunities, and customer experience improvements.  
**Sponsorships** - provides benefit to Metro in the form of financial payments - revenues from sponsorships may be directed towards Metro programs and initiatives.

# POLICY HIGHLIGHTS & KEY POINTS - 2

## TERMS AND DURATIONS

- **Temporary** – Six months or less.
- **Short-term** – Six months to two years.
- **Long-term** – Greater than two years to maximum ten years.

The renaming/co-naming of a facility or station requires a minimum five year commitment.

## CEO AND BOARD AUTHORITY

- Temporary and Short-term sponsorships, along with those less than \$500,000 contract value is within the CEO's approval authority.
- Long-term sponsorships and those greater than \$500,000 contract value require Board approval. Additionally, any Sponsorships/Adoptions affecting facility/station/service names - regardless of contract value - require Board approval.

# POLICY HIGHLIGHTS & KEY POINTS - 3

## EVALUATION CRITERIA

Proposals will be scored on

- Alignment with agency brand, mission, and priorities
- Innovative plans that provide potential customer experience enhancements
- Equity Opportunity to Metro riders and communities
- Financial offer, including total value and duration, payment options, and package offering

## PROPOSAL EVALUATION COMMITTEE

- Compliance Panel vets and scores the sponsors
- Evaluation Panel vets and scores the proposals
- Both Panels provide recommendations to CCO, CEO, and Board for approval

# NEXT STEPS

## POLICY ADOPTION

The 1st step in setting the structure for new revenue program

## SERVICE CONTRACTS

Explore feasibility of modifying current advertising contracts to provide sponsorship services, expediting implementation of the program

## ADMIN SUPPORT

Work within the approved fiscal budgets to hire support staff  
FY21: Communications Manager and FY22: two Senior Comms Officers

## TENTATIVE SCHEDULE

Spring - Fully adopted policy  
Summer - Modify advertising contracts  
Fall - Intersection and Outfront begin *sponsorship-lite* proposals  
Winter - Bring potential proposals to CEO and Board for review