



## Board Report

File #: 2023-0650, File Type: Contract

Agenda Number: 17.

### EXECUTIVE MANAGEMENT COMMITTEE NOVEMBER 16, 2023

**SUBJECT: LONG-TERM ADVERTISING - MARIACHI PLAZA STATION**

**ACTION: APPROVE RECOMMENDATION**

#### **RECOMMENDATION**

APPROVE a long-term advertising purchase agreement with Adventist Health White Memorial Hospital (Adventist Health), of up to 12 months, for advertising at Mariachi Plaza Station generating \$97,500 estimated gross sale for Metro. This agreement is not a title sponsorship and will not affect Mariachi Plaza Station's title/name.

#### **ISSUE**

In compliance with the Commercial Sponsorship and Adoption Policy (Attachment A), staff is requesting Board approval for a long-term advertising with Adventist Health White Memorial Hospital (Adventist Health) at Mariachi Plaza Station on the Metro A Line. Any proposed advertising purchase agreement in excess of 90 days requires Board approval.

#### **BACKGROUND**

In the spring of 2021, Metro adopted the Commercial Sponsorship and Adoption Policy. The policy plays a crucial role in providing Metro with a structured framework to engage in commercial sponsorships as an extension of revenue advertising. It provides a well-defined process and guidance for conducting business in this context. This encompasses the definition of sponsorship models, terms and durations, the identification of eligible agency assets, sponsor eligibility and responsibilities, the proposal process, and the criteria used for evaluation.

In January 2022, the Metro Board approved the first sale of long-term advertising campaigns (lasting beyond 90 consecutive days) with Home Box Office (HBO) for 12-month station takeover of the Culver City Station on the E Line for \$750,000. A station takeover is defined as a campaign/technique in which an advertiser displays messages on 100% of the media space within a single station; thus creating a full brand environment. Feedback on the station takeover has been positive from the business community. Following their initial purchase, HBO chose to extend their station takeover for an additional year (also approved by the Board in January 2023) and increased the value to \$880,000, highlighting the continued success and effectiveness of their long-term advertising

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strategy. These long-term advertising commitments provide a reliable stream of income for Metro and yield substantial revenue benefits owing to their extended duration. Furthermore, they transform a station into a dynamic media space representing a single brand.

Adventist Health is 0.2 miles away, a brief 5-minute walk from Mariachi Plaza Station. Throughout its storied journey, White Memorial has maintained its steadfast commitment as a cornerstone community hospital for the Boyle Heights and East Los Angeles neighborhoods. White Memorial's legacy extends beyond medical practice. It has a rich history of collaborating closely with community-based organizations, working in unison to deliver essential health, safety, and wellness initiatives. These efforts have significantly impacted individuals and families who otherwise would have limited access to such vital care and support.

## **DISCUSSION**

### **Station Advertising**

The long-term advertising agreement includes a diverse range of large-format media placements on various station elements, including wallscapes, floor graphics, and 2-sheet advertisements directly applied as decals to station surfaces. Additionally, a station audio advertisement is part of this comprehensive campaign package. It's important to note that all campaign activities will take place within the underground sections of the station.

Throughout the 12-month campaign duration, updates to creative content will be made at the discretion of Adventist Health, ensuring that the advertising remains fresh and engaging. All creative content will fully adhere to Metro's System Advertising Policy and undergo approval by the Content Advertising Committee, as detailed in Attachment B - System Advertising Policy. Acknowledging the predominantly Latino-Hispanic population within Boyle Heights and East Los Angeles and transit riders at Mariachi Plaza Station, a significant portion of this campaign will be delivered in Spanish, encompassing both printed and audio media components.

### **LIFE Limited Agency Partner**

Adventist Health is a recently approved LIFE Limited agency partner - this status allows them to provide transportation subsidies, such as taxi vouchers to individuals with short-term and immediate need for transit services who are otherwise unable to use fixed route transit. Participating in Metro's LIFE program further helps low-income patients overcome mobility barriers to receiving essential health, safety, and wellness initiatives provided by Adventist Health. In alignment with Adventist Health's role as a community hospital, Metro will collaborate closely with the hospital to orchestrate station pop-ups and activations during the campaign. These activations may manifest as on-site healthcare services, checkups, or registration opportunities, further emphasizing the hospital's commitment to serving the local community.

## **DETERMINATION OF SAFETY IMPACT**

The contractor will install advertising following the Rail Safety Policy and Guidelines to ensure the safety of Metro's riders and employees.

## **FINANCIAL IMPACT**

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There is no negative financial impact with the approval of this item. Commercial Advertising is a revenue-generating program. Metro will receive 60% revenue share, approximately \$58,500, and the contractor will receive 40% revenue share, approximately \$39,000, from the total gross sale of \$97,500. The contractor is responsible for material costs and maintenance of Adventist Health advertising for the duration of the sale. No operating or capital costs will be incurred by Metro.

The Customer Experience Office and the accounting department will be responsible for monitoring performance, compliance, and payments in support of this task over two fiscal years into FY25.

### **EQUITY PLATFORM**

The revenue generated from advertising is distributed across bus and rail operations, including those in Equity Focus Communities (EFC), ensuring Metro can continue to provide essential services to customers who depend on our system.

The acquisition of media space at a station located within an Equity Focus Community (EFC) underscores advertisers' keen interest in the diverse communities that Metro serves. Moreover, this campaign will serve to highlight a local healthcare facility and a community resource conveniently accessible from the station. Notably, a significant portion of this advertising campaign will prominently feature Spanish-language advertisements. This commitment to inclusivity aligns with Metro's diverse customers and takes into account the linguistic needs of the Mariachi Plaza station community. s

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The revenue advertising program supports the Strategic Plan by fulfilling Goal 5 in providing responsive, accountable, and trustworthy governance within the LA Metro organization, exercising good public policy judgment and fiscal stewardship by monetizing Metro's capital assets to generate non-tax revenues.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve this long-term advertising request; however, this is not recommended - Metro would be declining revenue earnings from a single buyer.

### **NEXT STEPS**

Upon Board approval, staff will authorize the advertising broker to complete the advertising sale and begin executing the long-term media placement with Adventist Health at Mariachi Plaza Station on the A Line.

### **ATTACHMENTS**

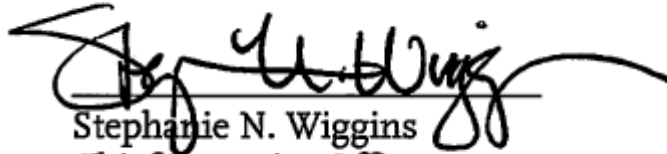
Attachment A - Commercial Sponsorship and Adoption Policy  
Attachment B - System Advertising Policy

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