



Board Report

File #: 2022-0827, File Type: Project

Agenda Number: 21.

EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 19, 2023

SUBJECT: LONG-TERM ADVERTISING - CULVER CITY STATION

ACTION: APPROVE LONG-TERM ADVERTISING PURCHASE AND ACTIVITY WITH HOME BOX OFFICE, INC (HBO)

RECOMMENDATION

APPROVE a long-term advertising purchase for up to 12 months at Culver City Station from HBO, generating an estimated \$484,000 in net revenues for Metro. This is not a title sponsorship and will not affect Culver City Station’s title nor the adjacent private property’s title, Ivy Station.

ISSUE

In compliance with the Commercial Sponsorship and Adoption Policy (Attachment A), staff requests approval from the Board for long-term advertising and activity from HBO at Culver City Station on the Metro E Line (Expo). Approval of this long-term advertising purchase will authorize Metro’s rail advertising broker, Intersection, to manage the extended 12-month purchase and advertising activities stated in this report.

BACKGROUND

HBO’s corporate headquarters is at Ivy Station - a mixed-use complex adjacent to Culver City Station on the E Line. HBO previously purchased a station activation from fall 2021 to fall 2022 and wishes to continue the station activation for an additional 12 months into 2023.

DISCUSSION

Findings

Feedback from HBO concerning year one’s station activation has been positive, and due to the proximity of Metro’s station and HBO’s headquarters, the visible treatment provides office visitors a sense of impact and awareness of the HBO brand and employees’ pride in the products they created.

*“Everything looks and feels amazing. You’re walking through our campus with these larger-than-life pillars and escalator wraps. It’s very cool and visible from many of the office windows”
- Senior Manager, HBO Max.*

As media wraps are exchanged every few months, little vandalism or graffiti has been observed or reported on the materials for this station. Additionally, the HBO activation has caused other high profile entertainment companies to take note and invest with Metro; short term activations are being conducted at other stations within advertising restrictions such as Hulu at La Cienega/Jefferson Station.

The year-two activation would see similar techniques from year one, including wrapping station elements such as columns, pillars, trestles, escalator exterior walls, and a wallscape via direct decal to the surfaces of station property. Visual samples are provided in *Attachment C - HBO Advertising - Culver City*, displaying the type of creative content HBO and Intersection may post. Along with large-format media wraps, two digital kiosks have been added to this station as part of the digital screen program; HBO content will also display on these digital screens.

Within the 12-month duration, creative content may be updated by HBO and Intersection. All creative content will be vetted by the Content Advertising Committee and must comply with Metro's System Advertising Policy (Attachment B).

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

There is no negative financial impact with the approval of this item. The contractor is responsible for material costs and maintenance of HBO advertising for the duration of the sale; however, Metro labor support is warranted to ensure safety compliance during material installations. Labor cost of \$3,000 is included in the FY23 Budget under Project #300066 (E/Expo Line), Cost Center #3959.

The project manager and the accounting department will monitor performance, compliance, costs, and resources in support of this task. Since this sale will extend over two fiscal years into FY24, the program manager, cost center manager, and Executive Officer of Marketing will ensure all project resources are budgeted in the next fiscal year.

Impact to Budget

Metro will receive a 55% revenue share, approximately \$484,000, and the contractor will receive a 45% revenue share, approximately \$396,000, from the total gross sale of \$880,000.

EQUITY PLATFORM

While some locations of the Metro system receive more advertising activity and generate more sales, the revenues are allocated to all areas of Metro's bus and rail system. The media purchase at this station has been a catalyst for other buyers, generating more revenues from advertising and

sponsorships - creating a reliable funding source for equitable initiatives.

Through the System Advertising Policy, Metro retains creative control of the content posted on the system - vetting content that may be harmful to vulnerable/marginalized riders.

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 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 turning away up to \$480,000 plus estimated revenue earnings from an individual station and miss other locally relevant opportunities to generate unrestricted local funding.

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 HBO and Culver City Station on E Line.

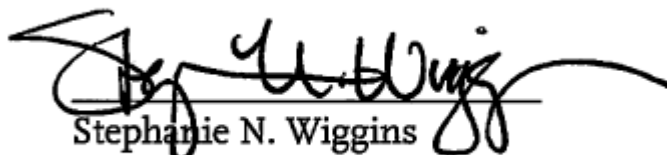
ATTACHMENTS

Attachment A - Commercial Sponsorship and Adoption Policy

Attachment B - System Advertising Policy

Attachment C - HBO Advertising-Culver City Station

Prepared by: Lan-Chi Lam, Director of Communications, (213) 922-2349
Glen Becerra, Executive Officer of Marketing, (213) 418-3265
Monica Bouldin, Deputy Chief Customer Experience Officer, (213) 922-4081
Reviewed by: Jennifer Vides, Chief Customer Experience Officer, (213) 922-4060



Stephanie N. Wiggins
Chief Executive Officer