

**Board Report**

File #: 2016-0789, **File Type:** Policy**Agenda Number:** 38.

**EXECUTIVE MANAGEMENT COMMITTEE
NOVEMBER 17, 2016****SUBJECT: PROPERTY NAMING POLICY****ACTION: APPROVE REVISED PROPERTY NAMING AND CORPORATE
SPONSORSHIP/NAMING RIGHTS POLICY****RECOMMENDATION**

APPROVE revised **Property Naming Policy** with the addition of guidelines to implement and manage a Corporate Sponsorship/Naming Rights Program for the purpose of generating revenue or valued assets. (Attachment B)

ISSUE

Metro is continually looking for new ways to generate Corporate Sponsorships for the agency. In January 2016, the Metro Board of Directors approved the Risk Allocation Matrix (RAM) and creation of an Internal Savings Account intended as tools to ensure long-term financial stability and mitigate projected budget shortfalls. As part of this initial comprehensive agency-wide effort, staff identified cost saving and revenue generating initiatives that can yield deposits to the Internal Savings Account, thereby securing the sustainability of Metro's future operations and expansions.

Among the most financially significant of these initiatives is the implementation of a Corporate Sponsorship/Naming Rights program to generate revenue from Metro's property and assets. As proven by other transit agencies throughout the country, there is a substantial revenue opportunity in selling corporate sponsorships and naming rights to Metro properties, facilities, services and events.

DISCUSSION

The 2014 Board-approved Property Naming Policy (Attachment A) provides criteria for naming stations and other Metro properties through a customer-focused approach. The policy guides the naming of Metro property with four principles in mind:

- **Transit System Context** - Information as to where a property is located within the context of the entire transit system with names that are clearly distinguishable
- **Property Area Context** - Information of the location of the property within the context of the surrounding street system

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- **Neighborhood Identity** - Where appropriate, acknowledging a landmark or that the property serves as an entry point to a community or neighborhood
 - **Simplicity** - Names will be brief enough for quick recognition and retention and fit within signage and mapping parameters

The policy states the difference between an “Official” name approved by the Metro Board, which are used for Board documents, contracts and legal documents and notices, and an “Operational” name, which is a shorter name used for station/stop announcements and printed and electronic materials for readability and size constraints.

These clear policy points, along with the defined naming process, provide strong guidance in order for Metro to aptly name new properties and re-name existing properties when applicable.

The existing policy also provides an opportunity for Board members to bestow a special honor in the form of a dedication on rare instances to a deceased individual and reserved to honor those of substantial historical, cultural or civic significance. In a similar dedication, the Board may also honor an individual who has demonstrated a unique and extraordinary degree of service yielding a distinguishable contribution to the public transportation in Los Angeles County. Such dedications are viewed as secondary information to the property signage, but not renamed for individuals. Following Board approval, individuals will be honored with plaques where space is available.

Addition of Corporate Sponsorship/Naming Rights Program

Updating the policy to include a revenue-generating, payment-in-kind, or value-in-kind Corporate Sponsorship and Naming Rights Program is a prudent means of maximizing the value of the agency’s capital investments and assets. Including this new program in the policy will establish a cohesive and transparent process for the consideration and determination of Corporate Sponsorship opportunities for the re-naming of existing and future property, facilities, services, programs and events.

The Communications Department will administer the program as part of its overall responsibility of generating revenue through advertising and other valued assets. In preparation for developing a Corporate Sponsorship/Naming Rights program, staff researched how other transit agencies have implemented such programs (Attachment C).

Corporate Sponsorship can take on various forms in which companies contract with Metro to associate their name, identify and branding with Metro’s property, facilities, services, programs or events. Partnerships will fall into two categories:

- **Short-term Sponsorships** - Agreements extending a maximum of 12 months or less for assets such as programs, events, seasonal events, or temporary station re-namings.
- **Long-term Sponsorships** - Agreements lasting a minimum of five years for assets such as transit services, rail lines, stations, buildings, etc.

Any short-term or temporary naming sponsorships will be communicated to the Metro Board in advance of implementation. Any re-naming proposals must uphold the location and historic reference name of the property to ensure that it remains easily identifiable and recognizable by the general

public.

Metro will utilize the services of a qualified and independent firm with extensive experience in valuations of naming rights opportunities to ensure that Metro receives fair market value for the naming of its property and assets. The valuation methodology will be based on real-world values, quantitative values of impressions based on market-tested media rates, qualitative values of the opportunity in terms of prestige, reach and target audience, as well as comparisons against similar properties in the marketplace.

Responsibilities for Metro and the corporate sponsor, as well as provisions for terminating the contract, will be included in each agreement.

The businesses and organizations that will not be considered for this program are outlined in the policy, in alignment with Metro's Advertising Policy. Companies that are eligible for sponsorships will have to meet established criteria.

Contracts over \$500,000 will be presented to the Board for approval. Those under \$500,000, likely short-term sponsorships, will be awarded at the direction of the CEO.

DETERMINATION OF SAFETY IMPACT

Revision of this policy currently does not impact safety.

FINANCIAL IMPACT

In compliance with Metro's System Advertising Policy, Metro will only accept revenues, payment-in-kind, or value-in-kind from corporations meeting the Ad Policy criteria and criteria stated in this policy (Attachment B).

All costs related to establishing a new name or re-naming an existing facility, service, or program shall be borne by the corporate sponsor, including Metro materials and labor costs associated with implementing re-naming efforts.

If this action leads to an increase in revenue, the revenues will be subject to Board adopted guidelines.

Impact to Budget

No impact to the FY17 Budget is anticipated as a result of approval of the policy.

This is a new business model for Metro. Upon expansion of the program, it may warrant evaluation of staffing to manage the execution of contracts and business needs associated with corporate partnerships.

ALTERNATIVES CONSIDERED

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1. Decline to adopt the revised Property Naming Policy and Corporate Sponsorship/Naming Rights Policy. This is not recommended as the primary change to the policy clarifies and supports the new Corporate Sponsorship/Naming Rights Program as directed by the Board through approval of the 2016 RAM/Internal Savings Account Process.

NEXT STEPS

Upon Board approval, staff will:

1. Procure the services of a specialist to assist in the implementation of attaining corporate sponsorships and naming rights for Metro's property, programs, assets and services.
2. Exercise the business model process for all inquiries and propositions.

ATTACHMENTS

Attachment A - Property Naming Policy

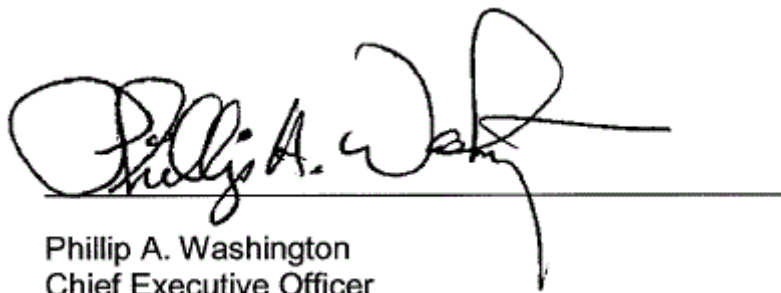
Attachment B - Property Naming and Corporate Sponsorship/Naming Rights Policy

Attachment C - Active Corporate Sponsorship Programs at Peer Transit Properties

Attachment D - Presentation on Property Naming and Corporate sponsorship/Naming Rights Policy

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