Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2020-0888, **File Type:** Policy **Agenda Number:** 40.

REVISED
EXECUTIVE MANAGEMENT COMMITTEE
FEBRUARY 18, 2021

SUBJECT: COMMERCIAL SPONSORSHIP AND ADOPTION POLICY

ACTION: ADOPT NEW BOARD POLICY

RECOMMENDATION

CONSIDER:

ADOPT the Commercial Sponsorship and Adoption Policy (Attachment B) in order to create a Commercial Sponsorship and Adoption Program with the goals of generating revenues to support agency programs and initiatives.

ISSUE

The financial impact of the COVID-19 pandemic - loss of sales tax funding and loss of ridership fare revenues - has driven the agency into a budget shortfall and financial crisis. Various reports and studies call for exploring alternative revenue sources and expanding revenues programs. Commercial sponsorship is estimated to generate up to $665M over twenty-five years in long-term revenues for Metro.

The adoption of a Commercial Sponsorship and Adoption Policy (“Sponsorship Policy”) would set the guidance and structure to take advantage of the system’s future commercial revenue opportunities. Metro has the fiscal responsibility to maximize the utilization of available resources effectively and efficiently to create long-term, consistent, agency-generated revenues. Furthermore, diversifying Metro’s revenue sources prepares the agency for future economic shortfalls and unexpected agency impacts.

This report provides the history and conditions leading to the development of a Commercial Sponsorship and Adoption Policy.

BACKGROUND

2020 saw unprecedented stress upon Metro and the entire world in coping with the impact of COVID-19 - the snowball effects of pandemic trauma, economic uncertainty, and social unrest pushed the agency to re-evaluate all aspects of service, funding, safety, and operating. As noted below, the call to diversify and expand Metro's revenue opportunities has never been more appropriate and timely than now.

May 2020 - Metro CEO presents the report, *Call to Action to Control Costs Pertaining to COVID-19*. The Call to Action details the agency's financial crisis due to COVID-19 pandemic and loss of critical agency funding from state and local sales tax, transit ridership, fare revenues, tolls, advertising and other system generated revenues. The Call to Action calls for strong fiscal discipline along with exploring additional activities the agency may conduct to diversify and grow additional agency-generated revenues.

June 2020 - Office of Inspector General presents the report, *Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities*. The report was a result of a third party sponsorship and advertising specialist commissioned to audit Metro's transit system and provide a valuation report - the specialist valuated Metro's sponsorship opportunity at $665M over twenty five years. The specialist's valuation included Metro's entire rail system (lines and stations), bus system, parking facilities, and various programs (bike share, rideshare, and freeway service patrol). The specialist employed an impressions-based calculus that accounts for media and other exposure value, qualitative variables and industry benchmarking to generate fair market valuations which may form the opening negotiating position with target companies during a sales process. The forecasted revenue of $665M is valuated over 25 years, and the entire report is attached for reference (ATTACHMENT B).

August 2020 - Metro CEO presents the report, *Fareless System Initiative (Operation FSI)*. The report calls for a task force to explore the feasibility of Metro operating without charging fares for transit service - in response to social swell, economic uncertainty, and dramatic drops in transit ridership. Among costs, impact, racial profiling, homelessness, and implementation, alternative funding sources is called out as a study priority.

November 2020 - Office of Extraordinary Innovation presents the final report, *Coronavirus Recovery Task Force Final Recommendations*. Metro's annual budget for the 2020-2021 fiscal year fell by approximately 16 percent due to lower local sales tax revenues. The report recommends exploring new revenue sources, include expanding commercial and lease opportunities, and federal and state funding for incentives to reduce car ownership. Report calls for future RFIs to determine market support and implementation strategies.

DISCUSSION

A Sponsorship Policy will provide guidance and structure to execute a new revenue-generating sponsorship program. While important points and highlights are called out in this report, the full Sponsorship Policy is subject to Board review and adoption (ATTACHMENT B).

Commercial Sponsorship Policy - Highlights

Key Points - Interoperability and Eligible Assets

- The Sponsorship Policy is a stand-alone policy but will work in concert with Metro's Property

Naming Policy (COM 11) and System Advertising Policy (COM 6).

- Agency assets including stations, stops, hubs, facilities, transit services, various programs, agency events, and amenities are eligible for sponsorship opportunities.

Policy Goals - The Sponsorship Policy Establishes the Following Overarching Principles

- REVENUE - Generate long-term revenues to support agency programs and initiatives; and seek additional revenue sources to prepare for future economic shortfalls and unexpected agency impacts.
- CUSTOMER EXPERIENCE - Enhance service and/or amenities that improve customer experience by partnering with local business and entities that may offset costs of desired amenities.
- EQUITY OPPORTUNITY - Position corporate social responsibilities towards equity focused communities by creating opportunity to promote small, local business, and providing equity opportunities through this program.

Program Models - The Two Types of Sponsorship Methods

- ADOPTION - A partnership between Metro and a 3rd party which provide benefit to Metro riders in the form of sponsored amenities, services, equity opportunities, and customer experience improvements. In an Adoption, 3rd parties may provide resources and/or financing, payment-in-kind, or value-in-kind to develop operating or new facilities, services, programs, or events. Examples: providing free wifi to a particular station, funding additional maintenance to a particular station.
- SPONSORSHIP - A partnership between Metro and a 3rd party which provide benefit to Metro in the form of financial payments - revenues from sponsorships may be directed towards Metro programs and initiatives. In a Sponsorship, 3rd party may provide resources and finance, payment-in-kind, or value-in-kind to develop operating or new facilities, services, programs, or events. Examples: temporary station name take-over, long-term media buyouts of a particular station or facility.

Terms and Durations - Sponsorships May Take on These Various Time Limits

Any contract lasting within six months and/or under $500,000 is within the CEO's authority. Any contract valued over $500,000 or extending greater than six months requires Board approval; additionally, any Sponsorships/Adoptions affecting facility/station/service names - regardless of contract value - requires Board approval.

- **Temporary Sponsorship** - Partnerships lasting a maximum of six months for assets such as transit services, programs, events, and amenities. or temporary station name take-overs.

- **Short-term Sponsorship** - Partnerships lasting a minimum of six months with a maximum length of two years for agency assets such as facilities, transit services, programs, events, and amenities.

- **Long-term Sponsorship** - Partnerships lasting greater than two years with a maximum length of ten years for agency assets such as facilities, transit services, programs, events, and amenities may be considered for long-term sponsorships.

Sponsor Eligibility - Criteria for Consideration into the Program

In line with Metro's System Advertising Policy (COM 6), business entities selling products or services in the prohibited categories will not be considered for participation in the sponsorship and adoption program including Alcohol, Tobacco and Electronic Cigarettes, Adult Entertainment and Content, Arms/Guns and Weapons, Political Parties, Political Groups, Political Organizations, and Political Candidates or Campaigns, causes (including Religious Groups and Religious Associations, social advocacy groups, lobbyist, etc).

Businesses must be in good financial standing, conduct ethical business, and demonstrate satisfactory contractual performance for the last 5 years to participate.

Corporate Responsibilities - Financial and Equity Opportunity

As this is a revenue program, sponsors will bore the cost of all deliverables and activities associated with a sponsor package and no capital costs associated with a sponsorship should be warranted from Metro. Staff will work with each proposal to itemize hard and soft costs such as operational changes, administrative support, and miscellaneous costs associated with each implementation.

Sponsors will participate in Metro's Equity Platform for the duration of their sponsorship by including Equity Opportunity in each proposal. Equity Opportunity will be scored in each proposal evaluation, however, qualitative engagement rather than the quantitative engagement is encouraged. While Metro sponsorships will vary, all sponsorships will advance Metro's mission to increased access to opportunities, removal of barriers to access, and partnership with local communities.

Proposal Process

A sponsorship specialist may help interested parties create and prepare long-term and larger value proposals ($500,000 and greater). The proposals will be submitted to the *Proposal Review Committee* for vetting, at which time the Committee may respond with inquiries, concerns, and recommendations. After the proposal has been finalized and scored by the *Proposal Review Committee*, the proposal will be presented to the Metro Board for final review and consideration. Board approvals equate to new license / sponsorship contract with Metro and sponsor.

Proposal Review Committee

A Proposal Review Committee will be established to review and vet each proposal submitted to the agency. The Proposal Review Committee will be managed by Marketing with concurrence from the Chief Communications Officer and will be composed of stakeholder departments to provide feedback and advisory recommendations for Board review and approval. Panel and Committee members may include, but not limited to:

- **Compliance Panel** - The Compliance Panel ensures interested sponsors are in compliance with Metro policies and do not discriminate nor pose a conflict of interest. The Compliance Panel does not score on a proposal, but provides input into the recommendation, thus, enabling proposals to be reviewed by the Advisory Panel. The Compliance Panel includes:

    - Civil Rights
    - Ethics
    - Legal Counsel
    - Office of Inspector General
    - Vendor/Contract Management

- **Advisory Panel** - The Advisory Panel reviews and scores each sponsorship proposal based on the Evaluation Criteria. The Advisory Panel may be composed of scoring and non-scoring members that provide comments but do not participate in scoring. The Advisory Panel provides comments and recommendations for proposals requiring Board review and approval. The Advisory Panel includes:

    - Communications (Art & Design, Community Relations, Marketing, Public Relations)
    - Countywide Planning (Real Estate, Station Wide Design)
    - Customer Experience
    - Equity & Race
    - Respective Asset or Program Owner

Evaluation Criteria

If a business meets all Eligibility and Criteria, Metro will take into consideration the financial offers and implementation proposals. The Review Committee will score proposals based on the following evaluation criteria:

- Financial offer, including total value and duration, payment options, and package offerings
- Alignment with Metro's existing brand and agency mission, themes, and priorities
- Innovative sponsorship and business plan(s) that address value-transfers and potential customer experience enhancements
- Reach of cross promotion between Metro and Sponsor/Adoptee, providing Equity Opportunity activities for Metro communities and riders
- Determination of conflicts of interest based on other business activities with Metro

<u>Administrative Support</u>

Contract Support

Staff anticipates outsourcing a sponsorship specialist to achieve long-term revenue objectives. The specialists will concentrate on long-term and larger revenue sponsorships. Similar to revenue advertising and filming services, sponsorship consultants will operate on a cost neutral financial model - consultants will earn commission from each approved and operational sponsorship contract.

However, staff will also explore the feasibility of expanding current commercial advertising contracts to expedite services and prevent overlap and/or conflict of authorized Metro media assets.

Labor Support

The commercial sponsorship program will be managed by the Revenue Generation group within Marketing, this group currently manages Communications' other revenue programs including revenue advertising and commercial filming. The bulk of the sales, labor, and production services is outsourced to the two advertising contractors, Outfront and Intersection. There are currently two FTEs directly assigned to manage the revenue advertising and filming program - Director of Communications, who provides program management, contract and business management, financial administration, and internal coordination; and Project Manager (Project FTE), who provides installation management of digital equipment rollout, and internal coordination among departments.

As this is a new program, there are no designated FTEs, temporary employees, interns, or trainees for commercial sponsorship. Three additional full-time employees (FTEs) will be necessary to begin a sponsorship program. FTE responsibilities include shepherding the proposal process, internal coordination and collaboration, troubleshooting and resolving concerns, finalizing licenses and contracts with Legal Counsel for each sponsorship, managing various partner contracts, and continuing to manage relationships as sponsorships are formed.

Additionally, staff may also create and execute smaller sponsorship packages and provide support to expand all revenue projects and programs. Anticipated FTEs needed to support the program include:

- 1 FTE Communications Manager (FY21)
- 2 FTE Senior Communications and Marketing Officer (FY22)

FINANCIAL IMPACT

APPROVAL of this policy will have no direct financial impact other than the additional FTE requests.

The forecasted revenue of $665M is valuated over 25 years. There are no anticipated revenues for FY22 as the year would be used to start-up the program, establish administrative processes, and procure service contracts needed to support implementation.

Impact to Budget

Commercial sponsorship revenues are eligible for bus and rail operating and capital expenditures.

Funding for the 3 FTEs will be provided by revenues generated from existing commercial advertising and future commercial sponsorship contracts to fully deliver this initiative.

- 1 FTE, Communications Managers, will be pursued through the mid-year 2021 budget process
- 2 FTEs, Senior Communications and Marketing Officer, will be pursued in fiscal year 2022 budget process

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The commercial sponsorship policy and program will support the Strategic Plan by fulfilling:

Goal 5.2 Exercising good public policy judgement and sound fiscal stewardship by monetizing Metro's capital assets and services to generate revenues and explore private investment in Metro's system improvement.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the commercial sponsorship policy, however, this is not recommended. By delaying or not adopting a commercial sponsorship policy, the agency is turning away up to $665M in revenue opportunity.

Metro's current transit system is generating significant revenues from commercial advertising, and as the system expands, the commercial opportunities will also grow. The agency should place the guidance and structure to take advantage of the system's future commercial revenue opportunities.

Metro has the fiscal responsibility to maximize the utilization of available resources effectively and efficiently to create long-term, consistent, agency-generated revenues. Furthermore, diversifying Metro's revenue sources prepares the agency for future economic shortfalls and unexpected agency impacts.

NEXT STEPS

With the adoption of the Sponsorship Policy and approval of FTEs:

- Staff will work with HC&D to begin the hiring process to fully deliver this initiative;
- Develop a commercial revenue strategy that encompasses recommendations by the Coronavirus Recovery Task Force, Operations FSI, OIG Asset Valuation Report, and COVID-19 Call to Action;
- Explore contract and procurement options to attain an experienced sponsorship agent or broker;
- and will report back to the Board of program progress.

ATTACHMENTS

Attachment A - LACMTA Asset Valuation Study (Legistar File # 2020-0387

<http://metro.legistar1.com/metro/attachments/978c41a7-a5df-46c3-91a8-e4a6cf41202a.pdf>)
Attachment B - Metro Commercial Sponsorship and Adoption Policy

Attachment C - Amendment by Director Butts

Prepared by: Lan-Chi Lam, Director of Communications, (213) 922-2349
Glen Becerra, Executive Officer of Marketing, (213) 418-3264

Reviewed by: Yvette Rapose, Chief Communications Officer, (213) 418-3154

Phillip A. Washington
Chief Executive Officer

ATTACHMENT A
Legistar File # 2020-0387

Los Angeles County Metropolitan Transportation Authority Office of the Inspector General

Metro Asset Valuation Study Advertising, Sponsorship, and Other Revenue Opportunities

Report No. 20-AUD-10

June 9, 2020

Metro

Los Angeles County
Metropolitan Transportation Authority
Metro

Office of the Inspector General
818 West 7th Street, Suite 500
Los Angeles, CA 90017

213.244.7300 Tel
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DATE: June 9, 2020

TO: Metro Board of Directors

FROM: Karen Gorman, Inspector General, Office of the Inspector General

SUBJECT: Final Report on Metro Asset Valuation Study for Advertising, Sponsorships and Other Revenue Opportunities (Report No. 20-AUD-10)

The Office of the Inspector General (OIG) commissioned a consultant, The Superlative Group, to perform a study and assessment of (1) potential use of Metro resources to obtain revenue through sponsorship and advertising on fare media TAP cards; and (2) an asset inventory and valuation of Metro controlled lines, facilities and other assets that could be made available to generate revenue through naming rights, corporate sponsorships or other methods for the Board's consideration. The estimated values in the study are based on pre Covid-19 pandemic circumstances.

The study Consultants made recommendations such as:

1. Metro should consider a holistic sponsorship program for TAP Card assets in lieu of individual advertising campaigns.

2. An advertising and sponsorship program should bundle assets. Benefits could include recognition on:

   - TAP cards;
   - physical ticket vending machines and assets (e.g., digital screens, readers);
   - Metro website, social media accounts and mobile app (once launched),
   - maps and schedules, bus and rail vehicles, Freeway Service Patrol vehicles, stations, bikeshare vehicles, and parking lots; and
   - public toilets, open real estate holdings, and fare media wear.

3. TAP Card personalization could be offered for a fee. TAP Cards are already personalized for a fee but revenue is captured by third parties.

4. Metro Board should consider if it wishes to monetize system assets via naming rights and/or corporate sponsorships. Due to the number of potential opportunities, there will be a need to prioritize opportunities, based on the estimated revenue potential and most saleable opportunities. The Consultant recommends that Metro prioritize opportunities as follows:

Priority Opportunities:
1) Metro rail lines;
2) Metro bus lines;
3) Freeway Service Patrol;
4) Metro stations; and
5) Metro Bike Share.

Second Tier Opportunities:
6) Passageway at Union Station;
7) Public restrooms; and
8) Parking garages.

A Program to monetize through advertising and naming sponsorships could generate as much as $665 million over 25 years for Metro (based on pre Covid-19 era economy and assumed post Covid-19 era recovery).

Any proposed Program from Metro management should temper monetization with the concerns of the Board about such a program such as appearance, confusion on branding, and negative customer responses as well as risks including costs, reputation, and legal impacts.

We appreciate the assistance provided by Metro staff during this review. I am available to answer any questions the Board Directors may have regarding this report.

CC: P. Washington, Metro Chief Executive Officer

Metro

Interoffice Memo

Date	June 4, 2020
To	Karen Gorman, Inspector General
From	Yvette Rapose, Chief Communications Officer
Subject	LACMTA Asset Valuation Study – Communications Response

This memo serves as Communication's response to the Office of Inspector Generals' report: *LACMTA Asset Valuation Study, section C Schedule of Report Findings and Recommendations, Recommendation #6:*

> *Draft asset list that Metro and its leadership would be willing to monetize via Naming Rights and/or Corporate Partnerships. Assets could include:*
>
> - *Metro Rail*
> - *Metro Bus*
> - *Stations*
> - *Freeway Service Patrol*
> - *Metro Bike Share*
> - *Passageway at Union Station*
> - *Public restrooms*
> - *Parking garages*

1. Marketing will reach out to stakeholder departments and executive management for each asset type to gauge interest, feasibility and provide a comprehensive asset list.
2. Staff will also provide an overview of the administrative process and needs in order for the agency to execute a corporate sponsorship program, including but not excluding – a new or revised agency policy, evaluate business models and contract options, program timeline and staff support.
3. Marketing will report to the Board in August 2020 with asset report and program update.

From: Sutton, David <SuttonD@metro.net>
Sent: Friday, June 5, 2020 3:50 PM
To: Rapose, Yvette <RAPOSEY@metro.net>; Zheng, Yvonne <ZhengY@metro.net>; Lee, Nadine <LeeN@metro.net>; Ahuja, Nalini <AhujaN@metro.net>
Cc: Washington, Phillip <WashingtonP@metro.net>; Schank, Joshua <SchankJ@metro.net>; Gallagher, Jim <GallagherJ@metro.net>; Becerra, Glen <BecerraG@metro.net>; Lam, Lan-Chi <LAML@metro.net>; Dimaculangan, Asuncion <DimaculanganA@metro.net>; Maycott, George II <MAYCOTTG@metro.net>; Dimaculangan, Asuncion <DimaculanganA@metro.net>; OHara, Robin <OHARAR@metro.net>
Subject: Re: Correction of Report Number: Report on LACMTA Asset Valuation Study 05.28.2020

Hi Yvonne, here are the comments from Finance:

Response to Audit Report on Advertising at Metro:

- There are many opportunities to consider in this audit. To move forward with the recommendations, Metro should conduct a cost/benefit analysis that include internal costs and program management.

- Since the TAP card is good for 10 years all ads should be evergreen. Topical ads with promotional dates are not appropriate.

- The TAP card is regional and the 25 Municipal Operators must be included in advertising policies, approvals and revenue opportunities.

- TAP has a vendor network of about 1400 stores that sell TAP, including, many large grocery, drug and chain stores. Advertising by sponsors that are rivals to these stores is problematic.

- TAP has already planned for sponsorship within the TAP app. It is a joint sponsorship agreement at no cost to Metro that was built into our contract with the mobile app vendor.

- TAP produces commemorative cards that have a 100% sell-out. The audit compared this favorable sales history to advertising sales, however, these commemorative cards are not commercially-branded and typically celebrate holidays or other public events that Metro supports.

- Several times the audit states that there is no current benchmark for a program like this. In TAP's dialog with sister transit agencies, the reason is because the costs exceed the benefits.

ATTACHMENT A
LEGISTAR FILE # 2020-0387

THE SUPERLATIVE GROUP

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Los Angeles County Metropolitan Transit Authority (LACMTA)

Asset Valuation Study

Advertising and Sponsorships

TAP CARDS, STATIONS AND OTHER REVENUE OPPORTUNITIES

Contents

1	**Executive Summary**	**2**
2	**Introduction**	**7**
3	**Background & Methodology**	**12**
4	**Asset Overview**	**17**
5	**TAP Card Advertising (Tasks 1 – 3)**	**43**
6	**TAP Card Personalization (Task 4)**	**61**
7	**TAP Vending Machine Advertising (Task 6)**	**62**
8	**Metro Bus System Valuation (Task 7)**	**71**
9	**Metro Rail System Valuation (Task 7)**	**81**
10	**Metro Bike System Valuation (Task 7)**	**102**
11	**Metro Property Valuation (Task 7)**	**105**
12	**Microtransit and Non-Revenue Vehicles Valuation (Task 7)**	**118**
13	**Risks & Contractual Issues**	**121**
14	**Conclusions & Next Steps**	**127**

Appendices

A	**References**	**130**
B	**Transit Naming Rights Branding Examples**	**134**
C	**Schedule of Report Findings and Recommendations**	**141**
D	**LACMTA System Map**	**143**
E	**Transit Naming Rights Benchmarks**	**144**

1 Executive Summary

1.1 Introduction

In December 2019, the Office of the Inspector General ("OIG") for the Los Angeles County Metropolitan Transit Authority ("LACMTA" or "LA Metro") commissioned The Superlative Group ("Superlative") to conduct an LA Metro assets valuation study that would comprehensively assess the potential revenue to be realized through sponsorship, advertising and card personalization campaigns related to its Transit Access Pass ("TAP") program, in addition to a full asset inventory and valuation of LACMTA-controlled lines, facilities and other assets that could be made available to generate revenue through Naming Rights and Corporate Sponsorships. This report, subject to review and approval by LACMTA personnel, OIG and the agency's Board of Directors, presents the detailed results from Parts I and II of Superlative's assignment:

I. To determine the feasibility of a TAP Card advertising and personalization program, including relevant industry benchmarks, further modified following Superlative's initial site visit(s) to include sponsorship or underwriting program revenue potential at the direction of OIG; and
II. To evaluate LA Metro's expansive transit system and develop a monetary valuation and strategy for sponsorship revenue generation.

Superlative's assets valuation study determined that Naming Rights and sponsorship opportunities for LACMTA assets have the potential to generate up to $687.5 million in total revenue over a period of 25 years (individual contract terms range between 10 and 25 years depending on the asset), assuming all assets are sold at the high end of the Fair Market Value ranges presented in this report.

1.2 Strategic Objectives of this Study

The following report satisfies Superlative's agreement to evaluate the feasibility and potential revenue from selling advertisements on LA Metro TAP Cards and/or personalization on the TAP Card for a fee to generate revenue for LACMTA. Specifically, the objectives of Part I are to:

A. Determine the feasibility of selling advertisements on TAP Cards and/or personalization of TAP Cards for a fee. TAP cards have specific information on the back of the cards for information and serial numbers.
B. Research industry best practices, both in the United States and internationally, for selling advertisements or personalization on TAP Cards for a fee, including but not limited to best practices for transit card advertising and payment options (e.g., mobile applications, "pay wallets", etc.).
C. Estimate the revenue potential through the sale of TAP Card advertisements and/or card personalization for a fee.
D. Determine next steps needed to implement the sale of advertisements and/or personalization on LA Metro TAP Cards.
E. Research industry best practices for selling advertising on LA Metro Tap Card vending machine screens.
F. Research best practices for selling advertising on the LA Metro mobile application for use with TAP Cards.
G. Provide guidance on whether LA Metro would likely encounter dissatisfaction from customers, create confusion or experience other negative aspects of selling advertising on TAP cards, and how Metro might mitigate these circumstances.

This report also satisfies Superlative's agreement to evaluate the feasibility and potential revenue from corporate sponsorships on LA Metro's expansive transit system. Specifically, the objectives of Part II are to conduct asset reviews and develop monetary valuations of potential sponsorship revenue. This report focuses on the potential Naming Rights revenue for the assets on the following page:

1. Metro bus system;
2. Metro rail system;
3. Metro bike system;
4. Property; and
5. Microtransit and other non-revenue vehicles.

1.3 Background & Methodology

Sports and entertainment venues have traditionally attracted the highest value Naming Rights and sponsorship agreements, because they allow corporate partners to reach substantial markets beyond venue attendees. However, the revenue-generating benefits of Naming Rights and corporate sponsorships have become increasingly prevalent in a wide range of sectors:

- Public transit systems;
- Bike share programs;
- Roadside assistance programs; and
- Adopt-a-highway programs.

Naming Rights and other corporate partners can benefit from greater awareness, wider reach and better engagement through sponsorship marketing as compared to traditional advertising; Naming Rights in particular provides the opportunity for the partner's name to be featured anywhere and everywhere that the venue and its activities are mentioned (e.g., on exterior signage and within the venue, but also through newspapers, posters, schedules, magazines and websites). Activation of Naming Rights and corporate partnership programs serves a dual purpose by merging private and public funds to create new revenue streams while building private and public sector brands in a manner that reflects the stability and values of the community, its people and its goals for the future.

The Superlative Group Valuation Methodology has been developed over time and through our experience of securing revenue-generating opportunities for clients across the United States and Europe. Superlative uses a combination of impressions-based valuation of media exposure and benchmarking to generate valuations that will form the opening negotiating position with target companies during the sales process.

1.4 Revenue Potential

A wide range of factors impact the revenue potential from a sponsorship agreement, including:

- Signage size and design;
- Signage location and visibility;
- Demand and competition for advertising space;
- Population and demographics; and
- Restrictions placed on signage by City, County and/or State Ordinances.

These factors are discussed in further detail in Section 3. This section also provides an overview of the proposed quantitative benefits and valuation assumptions for consideration by the LACMTA project team.

TAP Card Revenue Potential

Table 1.4.1 on the following page provides an overview of the key findings from the TAP Card sponsorship and advertising valuation:

Table 1.4.1

Asset	TAP Card Program
Annual Value	**Option A (Recommended): Primary Sponsor:** $1.5 million - $2.0 million **Option B: Advertising Program:** $400,000 - $750,000
Terms	10 years for Primary Sponsor Four weeks for advertisers
Total Revenue Potential[1]	**Primary Sponsor:** $22.5 million **Advertising Program:** $7.5 million
Target Categories	All categories: identified by size and marketing budget

Option A: Sponsorship Revenue Potential (Recommendation 1)
The Superlative Group proposes a value range of $1.5 million to $2.0 million per annum for Primary Sponsorship of the TAP Card program. Superlative recommends LACMTA pursue this option and target entities at the top of this value range, over a proposed term of 10 years. Assuming inclusion of a CPI escalator of 2.6%, this opportunity could generate between $16.9 million and $22.5 million over the life of the term. **(Recommendation 5)**

Option B: Advertising Revenue Potential
Alternatively, The Superlative Group estimates a four-week TAP advertising campaign could generate $100,000 to $125,000 for LACMTA. Assuming an estimated four to six campaigns per year, this opportunity could generate between $400,000 and $750,000 per annum, or maximum revenues of $7.5 million over a period of 10 years.

Please refer to Section 1.5 below for more details on Superlative's recommended course of action.

Naming Rights and Sponsorship Revenue Potential

Table 1.4.2 below and on the following page provides an overview of the key findings of the transit valuations, all including a 2.6% CPI escalator over the life of the term[2]:

Table 1.4.2

Rail and Bus Lines	Value Per Annum		Total Over Term (25 years)	
Metro Line	**Low**	**High**	**Low**	**High**
A Line	$750,000	$1,250,000	$25,952,758	$43,254,597
B Line	$1,000,000	$1,750,000	$34,603,677	$60,556,435
C Line	$2,000,000	$2,750,000	$69,207,355	$95,160,113
L Line	$1,000,000	$1,750,000	$34,603,677	$60,556,435
D Line	$500,000	$1,000,000	$17,301,839	$34,603,677
E Line	$750,000	$1,250,000	$25,952,758	$43,254,597
G Line	$500,000	$1,000,000	$17,301,839	$34,603,677
J Line	$500,000	$1,000,000	$17,301,839	$34,603,677
Dodger Stadium Express	$250,000	$500,000	$8,650,919	$17,301,839
LAX FlyAway	$150,000	$300,000	$5,190,552	$10,381,103
TOTALS	**$7,400,000**	**$12,550,000**	**$256,067,213**	**$434,276,150**

[1] Revenue potential shows the top of each value range over the proposed term, assuming an annual CPI escalator of 2.6%
[2] For rail and bus lines the suggested term is 25 years. For stations and other assets, the suggested term is 10 years. In regard to Los Angeles hosting the 2028 Summer Olympics, a potential sponsorship agreement would include that year in its term. The Los Angeles area will see a large increase in visitors, and it is safe to assume LACMTA ridership will rise accordingly. However, when looking at a 10 to 25-year term, the approximately one-month spike in impressions is not a major factor when developing the value over that length of time.

Rail and Bus Stations	Value Per Annum		Total Over Term (10 years)	
Metro Station	**Low**	**High**	**Low**	**High**
Civic Center/Grand Park	$250,000	$500,000	$2,813,732	$5,627,464
Pershing Square	$250,000	$500,000	$2,813,732	$5,627,464
7th Street/Metro Center	$1,500,000	$2,000,000	$16,882,393	$22,509,857
Pico	$250,000	$500,000	$2,813,732	$5,627,464
TOTALS	**$2,250,000**	**$3,500,000**	**$25,323,589**	**$39,392,249**

Additional Stations	Value Per Annum	Value Over Term (10 years)	Quantity	Grand Total Potential
Tier 1: Highway Stations	$250,000	$2,813,732	21	$59,088,372
Tier 2: Gold (Stations near Major Roadways)	$100,000	$1,125,493	24	$27,011,832
Tier 3: Silver (Stations near Smaller Roadways)	$50,000	$562,746	70	$39,392,220
TOTALS	**$400,000**	**$4,501,971**	**115**	**$125,492,424**

Other Metro Assets	Value Per Annum		Total Over Term (10 years)	
Metro Asset	**Low**	**High**	**Low**	**High**
Freeway Service Patrol	$2,000,000	$3,000,000	$22,509,857	$33,764,786
Metro Bike Share	$500,000	$1,000,000	$5,627,464	$11,254,929
Passageway at Union Station	$200,000	$300,000	$2,250,986	$3,376,479
Public Restrooms	$150,000	$250,000	$1,688,239	$2,813,732
Sierra Madre Villa Parking	$250,000	$500,000	$2,813,732	$5,627,464
Atlantic Parking	$75,000	$125,000	$844,120	$1,406,866
Irwindale Parking	$75,000	$125,000	$844,120	$1,406,866
APU/Citrus Parking	$50,000	$100,000	$562,746	$1,125,493
Arcadia Parking	$50,000	$100,000	$562,746	$1,125,493
La Cienega/Jefferson Parking	$50,000	$100,000	$562,746	$1,125,493
Monrovia Parking	$50,000	$100,000	$562,746	$1,125,493
Willow Parking	$50,000	$100,000	$562,746	$1,125,493
Expo/Sepulveda Parking	$25,000	$50,000	$281,373	$562,746
TOTALS	**$3,525,000**	**$5,850,000**	**$39,673,621**	**$65,841,333**

1.5 Conclusions and Recommendations

TAP Card Program

Transit ticketing technology is evolving rapidly on an industry-wide scale. As such, Superlative was able to find current benchmarks that demonstrate advertising on physical transit passes, but which are not a significant source of revenue for any transit agency, and therefore not a viable means of generating substantial revenue from corporate partners for LACMTA.

More importantly, LACMTA's TAP Operations Department, operations and other personnel have expressed concern about the perception of over-branding or corporatizing LACMTA assets from the general public. Therefore, a TAP Card advertising program is not the recommended solution. One of Superlative's best practices for transit pass advertising revenue generation, which can be found in Section 5 of the following report, states that in order to achieve financial success from an advertising program, LACMTA would need to launch multiple campaigns per year with various partners.

The limited revenue potential, complicated logistics and risk of negative public perception justify our recommendation that Primary Sponsorship of the TAP Card program is a simpler and more valuable approach to monetization of the asset **(Recommendation 1)**.

Naming Rights and Sponsorship

Due to the number of potential opportunities, should LACMTA decide to pursue Naming Rights and corporate sponsorship to transit assets, there will be a need to prioritize opportunities, based on the estimated revenue potential and most saleable opportunities. Superlative recommends that LACMTA prioritize opportunities as follows **(Recommendation 6)**:

Priority Opportunities

i. Metro Rail Lines;
ii. Metro Bus Lines;
iii. Freeway Service Patrol;
iv. Metro Stations; and
v. Metro Bike Share.

Second Tier Opportunities

vi. Passageway at Union Station;
vii. Public Restrooms; and
viii. Parking Garages.

2 Introduction

2.1 LACMTA[3]

General Overview

Founded in 1993, the Los Angeles County Metropolitan Transit Authority ("LACMTA", "LA Metro") serves as the transportation planner and coordinator, designer, builder and operator for Los Angeles County. LACMTA's service area encompasses more than 1,433 square miles and more than 9.6 million residents, nearly one-third the entire population for the State of California. LA Metro's annual operating budget exceeded $6.6 billion in FY2019; agency staff included nearly 10,000 full-time employees. System-wide, LACMTA served more than 29 million riders in 2019.

Mission, Vision and Values

LACMTA's mission is "to provide a world-class transportation system that enhances quality of life for all who live, work and play within LA County". LACMTA's vision is comprised of three main elements:

- Increased prosperity for all by removing mobility barriers;
- Swift and easy mobility throughout LA County, anytime; and
- Accommodating more trips through a variety of high-quality mobility options.

Values identified by LA Metro include the following:

- **Safety.** LA Metro commits to ensure that its employees, passengers and the general public's safety is always its first consideration.
- **Service Excellence.** The agency commits to provide safe, clean, reliable, on-time, courteous service for its clients and customers.
- **Workforce Development.** LA Metro commits to making the agency a learning organization that attracts, develops, motivates and retains a world-class workforce.
- **Fiscal Responsibility.** LA Metro commits to manage every taxpayer and customer-generated dollar as if it were coming from its own pocket.
- **Innovation and Technology.** The agency actively participates in identifying best practices for continuous improvement.
- **Sustainability.** LA Metro commits to reduce, re-use and recycle all internal resources and reduce greenhouse gas emissions.
- Integrity. LACMTA commits to rely on the professional ethics and honesty of every employee.
- **Teamwork.** LA Metro commits to actively blend individual talents to achieve world-class performance and service.

Transit Infrastructure

The following tables provide an overview of LA Metro's bus, rail, vehicle and other service assets, including relevant metrics for each, where available.

Figure 2.1.1: Bus Service

Feature/Asset	Amount
Bus Stops	13,978
Square Miles in Service Area	1,479
Number of Bus Routes (Directly Operated and Contracted)	165
Total Metro Bus Fleet	2,308

[3] Source: www.metro.net. Retrieved February 7, 2020. This data may have changed since the publishing of this report.

Figure 2.1.2:Rail Service

Feature/Asset	Amount
Stations	93
Miles of Service	98
Service Lines	4 Light Rail, 2 Subway

Figure 2.1.3: Bicycle Assets (Miles)

Feature/Asset	Amount
Bike Routes/Signage	609 miles
Bike Lanes	1,053 miles
Bike Paths	346 miles

Figure 2.1.4: Car Service

Feature/Asset	Amount
High Occupancy Vehicles - Carpool Lanes	
Length in miles	219
Lane miles in both directions	539
Metro Freeway Service Patrol	
Number of Tow Truck Beats	43
Number of Tow Trucks on Patrol	149
Number of Freeway Miles Served	475
Number of Motorists Assisted Monthly (Average)	25,000
Number of Motorists Assisted Annually	300,000
Motorists hours saved annually from sitting in traffic	9.4 million
Gallons of fuel savings annually	16.2 million
Emissions reductions annually	150 million kilograms
Annual Budget	$33 million

2.2 Los Angeles County

Introduction

Established in 1850, Los Angeles County is one of California's original 27 counties. It is one of the largest counties in the United States, covering a geographic area of 4,084 square miles, and has the largest population of any U.S. county in the nation: more than 10 million residents who account for approximately 27 percent of California's population. As a subdivision of the state, the County is charged with providing numerous services that affect the lives of all residents, including law enforcement, tax collection, public health protection, public social services, elections and flood control.

Contextual Relevance to Rail Transportation

Historically, Los Angeles County played an important role in coast-to-coast railroad development. The Southern Pacific completed its Los Angeles route in 1880, followed by the Santa Fe Railroad in 1886. The railroads' long-term growth plan included acquiring sizeable Los Angeles land holdings and subsequently promoting tourism and city development to attract investment, raise land values and increase the value of railroad shipments in the wake of the "Go West" campaign collapse toward the end of 19th century, during which many landowners went broke and fled the area at a rate of nearly 3,000 people per day. As a result, the population of Los Angeles increased fivefold from about 11,000 in 1880 to around 60,000 in 1890.

Demographic Information

In 2020, more than 10.4 million people live in Los Angeles County, residing in 88 cities and approximately 140 unincorporated areas. The County maintains its reputation as an industrial and financial giant and is one of the most cultural and ethnically diverse communities in the world.

Los Angeles County demographics are based on 2018 U.S. Census Bureau statistics:

Sex:

Male:	49.3%
Female:	50.7%

Age by Year:

Under 15:	18.0%
15 – 19:	6.2%
20 – 24:	6.9%
25 – 34:	16.3%
35 – 44:	13.6%
45 – 54:	13.3%
55 – 64:	12.0%
65+:	13.6%

Annual Household Income:

Below $10,000:	6.1%
$10,000 – 24,999:	15.1%
$25,000 – 49,999:	20.9%
$50,000 – 74,999:	16.4%
$75,000 – 99,999:	11.8%
$100,000 or above	29.7%

Ethnic Background:

Caucasian/White:	25.9%
Af. American/Black:	7.8%
Hispanic/Latino:	48.6%
Am. Indian/Alaska Native	0.2%
Asian:	14.6%
Hawaiian/Pacific Islander:	0.3%
Other:	0.3%
Two or more races:	2.4%

2.3 Key Statistics[4]

- Los Angeles County Population: 10.4 million
- Metro.net Total Page Views (SimilarWeb): 14.3 million
- LACMTA Social Media Followers: 279,098
  - Twitter: 105,400
  - Facebook: 85,894
  - Instagram: 50,700
  - YouTube: 19,200
  - LinkedIn: 17,904
- GoMetro Monthly App Users: 37,300
  - iOS: 28,000
  - Android: 9,300
- Number of Metro Employees: 10,000
- Number of LACMTA TAP Cards produced annually: 1,000,000
- Number of Ticket Vending Machines (entire system): 487
  - A Line: 73
  - B Line: 91
  - C Line: 58
  - E Line: 74
  - G Line: 69
  - J Line: 18
  - L Line: 98
  - Customer Centers: 4
  - Regional Ticket Vending Machines: 2
- LACMTA Annual Ridership (2019, Bus and Rail): 370,480,743
  - Major Service Lines:
    - A Line: 8,905,140
    - B Line: 41,775,490
    - C Line: 9,131,806
    - G Line: 15,090,394
    - E Line: 18,269,068
    - G Line: 6,714,108
    - J Line: 5,209,169
    - Dodger Stadium Express: 377,180
- LACMTA Internal Email List: 11,000
- LACMTA External Emails sent in 2019: 4,000,000
- Metro Bus
  - Bus Stops: 13,978
  - Service Area: 1,479 square miles
  - Number of Bus Routes: 165
  - Total Fleet: 2,308
- Metro Rail
  - Stations: 93
  - Miles of Service: 98
  - Number of Lines: 6
  - Annual Service Miles: 8,601,897
- Freeway Service Patrol
  - Number of Tow Truck Beats: 43
  - Number of Tow Trucks on Patrol: 149
  - Number of Freeway Miles Served: 475
  - Number of Motorists Assisted (monthly): 25,000

[4] Circa May 2020. Obtained through information provided by LACMTA, public LACMTA-owned assets (e.g., www.metro.net) and through original research. A full list of these sources, including dates and other information, can be found in Appendix A.

- Metro Bike Share
  - Ridership: 2,500,000
  - Members: 20,000
  - Stations: 274
  - Bicycles: 4,000

3 Background & Methodology

3.1 Introduction

History of Naming Rights

Sports and entertainment venues and organizations have historically attracted the highest values for sponsorship agreements because of the potential for Corporate Partners (see "Definitions" in Appendix A) to reach millions of people over and above venue attendees. In recent years, Superlative has been working to expand the traditional scope of Naming Rights and Corporate Sponsorships to include a large number of new industries and organizations. Transit agencies, convention centers, theatres and municipalities are increasingly turning to the private sector to help fund public services and overcome shrinking budgets via Naming Rights sales.

Naming Rights and Sponsorship in the Transport Sector

As Corporate Partners have realized that they are able to reach millions of people through naming transit stations and lines, the concept for Naming Rights in a transit context has become increasingly common. Transit Authorities routinely turn to Naming Rights of either stations or entire transit systems as a means of maximizing non-fare revenue opportunities.

In 2008, the Greater Cleveland Regional Transit Authority (GCRTA), through The Superlative Group, secured a 25-year Naming Rights agreement with two local hospitals for the Bus Rapid Transit Line (Euclid Corridor). Subsequently, in 2014, GCRTA secured a 28-year Naming Rights agreement with Cleveland State University for a new Bus Rapid Transit Line that opened in the fall of 2014, and in 2017, secured a 25-year Naming Rights agreement with Metro Health for another new BRT line. Streetcar systems in Tampa, Seattle and Portland have all benefitted from Naming Rights sales. In 2009, Barclays Bank agreed to purchase the Naming Rights to a Brooklyn subway station for $4 million over 20 years in conjunction with a sporting arena development. Transit authorities in Los Angeles, Chicago, Oakland, Dallas, Buffalo, San Diego, Sacramento and Richmond have all commissioned Superlative to produce Naming Rights valuation reports with the intent to begin actively marketing the opportunities.

3.2 Valuation Measurement Strategies

Despite the growth of title sponsorship and Naming Rights agreements in both sporting and non-sporting contexts, establishing an objective method to value sponsorships is difficult due to the fact that many of the benefits associated with sponsorships, such as public image, do not have a physical presence and are therefore intangible. Sponsorship and Naming Rights agreements frequently differ in terms of duration, breadth of benefits available, reach and value. This is largely due to the bespoke nature of each contract and the need to predict present and future benefits, quantified in present-day dollar terms.

The most common—but insufficient—methods used to calculate Naming Rights and sponsorship valuations are:

- The Cost Method;
- The Income Method; and
- The Market Method

These are explained in further detail below.

The **Cost Method** is a time-sensitive calculation of the amount of money that must be spent to replicate the exact bundle of benefits available through a Title Sponsorship Naming Rights agreement by some other means. This approach suggests that Naming Rights can be divided into specific and separate benefits and that a quantification of their cost of purchase, external to the Naming Rights Agreement, will help both buyer and seller arrive at a mutually acceptable valuation. However, there are four issues with this method:

i. Many of the replicated benefits will occur in the future, but individual forecasts about the present-day value of future costs or revenue cash flows are subjective and can vary widely.
ii. No allowance or dispensation is made for the uncertainty of the future.
iii. The Cost Method always treats the impact of impressions in the same way, regardless of their source. It does not address the variable impact of impressions from different media. To overcome this problem, conversion ratios are used, but a significant number of variables often remain.
iv. Accounting for duplication of impressions can create variability in the valuation. The number of impressions generated is almost always higher than the total number of people reached because a percentage of individuals will receive multiple impressions, such as word of mouth impressions.

The **Income Method** compares the projected nominal income (present and future) expected to be earned from Naming Rights with the economic life or length of time that the intangible assets can expect to command a given price. An internal rate of return is then calculated to analyze the impact of alternative future scenarios upon the level and value of benefits accrued by the buyer. Hence, the income method deals more accurately with the uncertainty of the future but remains just as susceptible as the Cost Method to the subjectivity of forecasting and duplication of impressions.

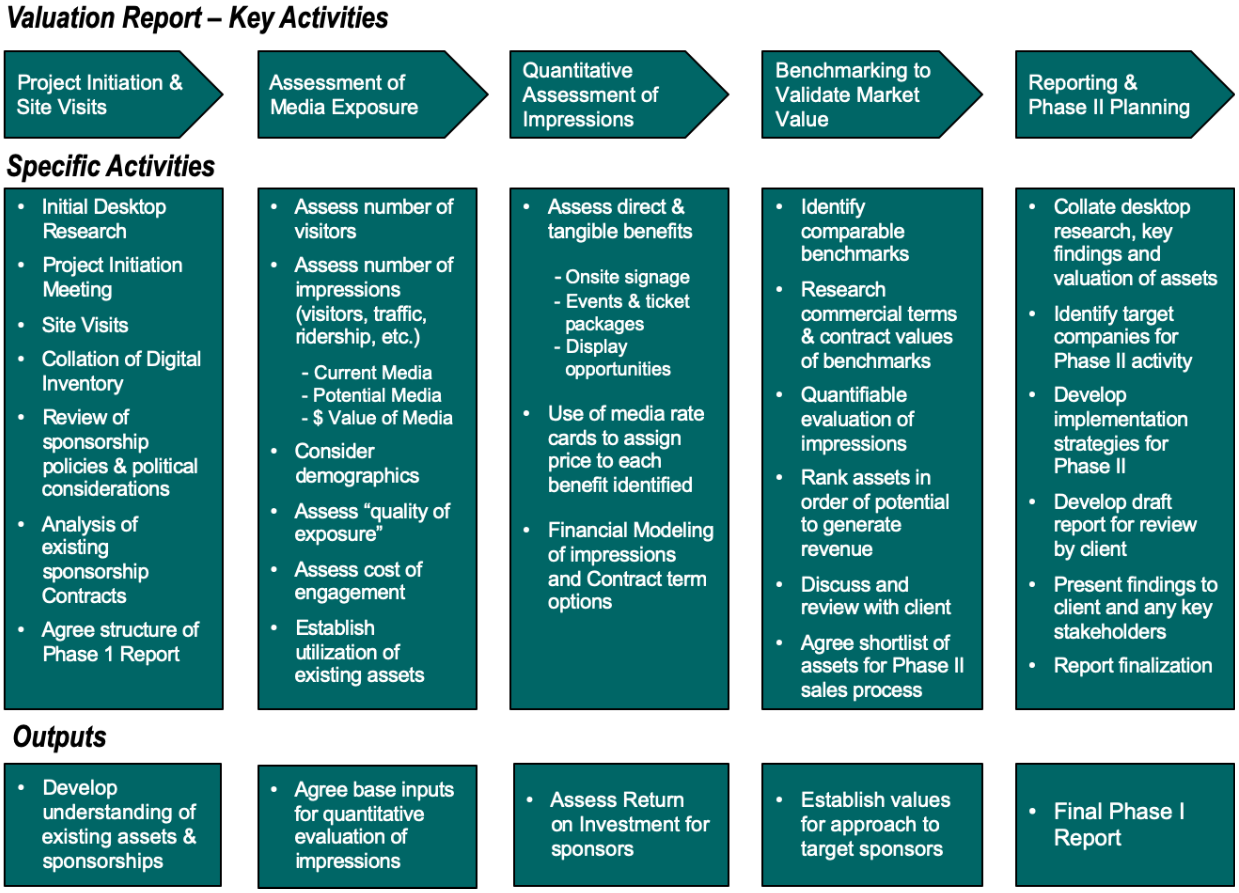
The **Market Method** assumes that a Naming Rights proposition can be valued by reference to similar transactions of Naming Rights bundles within equivalent sets of local area demographic characteristics, comparable points in time and equivalent features. This is described as the most common approach to Naming Rights valuations as the nature of Naming Rights agreements immediately calls into question the search for similar transactions. It is also considered to be a less subjective means of valuing Naming Rights agreements as it makes fewer assumptions than the Cost or the Income Method. Academic study also advocates making adjustments to valuations in order to account for comparative analysis against current market rates.

3.3 The Superlative Valuation Methodology

Due to the lack of a universally accepted valuation methodology for Naming Rights and Sponsorship valuation, The Superlative Group developed the following valuation methodology – a combination of facets of the three methods described above – based on its experience in negotiating Naming Rights Agreements.

The valuation of Naming Rights and Sponsorship opportunities is one step in The Superlative Group's marketing strategy. The diagram on the following page shows the key stages, specific activities and outputs during development of this marketing strategy:

Figure 3.3.1



Project Initiation & Desktop Research

The Superlative Group carried out its initial desktop research to review relevant documentation, such as financial statements and strategic plans, to gather contextual information such as major capital projects in the locality, specifics of the existing facilities, and key statistics, such as visitor numbers, drive-by traffic, media publications and hits on websites/communication channels. Our research team maintains a database that is used to compile key pricing and contractual data for all relevant Naming Rights initiatives.

Site visits were undertaken where relevant to view the assets being valued. A digital inventory of photographs and renderings is compiled for each location that is used during the valuation process and, subsequently, during development of promotional materials during the sales process. The Superlative Group gathered site maps to document key details such as number of existing signage and facility specifications. This information was used to identify commercial opportunities as part of the Phase I valuation process.

In order to understand existing sponsorship partnerships, The Superlative Group also undertook a review of all major sponsorship contracts to consider the term of existing agreements, gain an understanding of the key commercial terms and identify opportunities where existing arrangements could be improved.

Assessment of Media Exposure

Assessment of media exposure requires an understanding of the number of impressions (see "Definitions" in Appendix A) that a Corporate Sponsorship would deliver. This involves gathering traffic statistics for specific venues and consideration of impressions from roadside signage, aerial views and naming on radio traffic updates or other media channels. Local rates were gathered in order to establish accurate local benchmarks.

With the gathered data, The Superlative Group generated an initial model of impressions. Superlative takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

- **Size** – Has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence your cost.

Sponsorship Rates
A Naming Rights buyer will typically invest in a naming opportunity based on a cost per thousand (CPM) basis (see “Definitions” in Appendix A). CPMs for Naming Rights or advertising programs vary due to location, type of media exposure and position of sponsorship space. While an average CPM for a national television advertisement may be $28, a 30-second advertisement during the Super Bowl typically costs more than $5 million, with CPMs in the range of $60 - $80. CPM values can vary considerably across the nation. As a result, The Superlative Group applies local media rates to each project.

The CPM value includes assessment of the demographics of the target audience and the quality of exposure to that audience. For example, sporting venues tend to be patronized by 18-34-year-old males, which is a “premium audience” in terms of the potential revenue for sponsors generated by this audience. Accordingly, sponsors wishing to gain exposure to this audience would target sports venues. The target demographic for other venues may be considerably different and hence, this must be taken into consideration as part of the valuation.

Unlike traditional advertising, the quality of sponsorship exposure is determined by how prevalent the sponsor’s branding is during the exposure period and the impact that this placement will have on the target demographic. The Superlative Group weighs the strength of a sponsor’s exposure against these CPMs when assigning values and applies reasonable discounts because most sponsorship branding contains a sponsor’s name or logo, but not straight advertising messages.

Quantitative Evaluation of Impressions
The Superlative Group uses financial modeling to assess the dollar value of impressions from the Sponsorship and Naming Rights opportunities offered by LACMTA (e.g. signs at facilities, vehicles, and collateral). Superlative assigns a CPM-based value to each saleable asset available for naming rights or sponsorship, based on the strength and reach of exposure for a possible sponsor associated with each branding opportunity.

In developing these values, The Superlative Group uses a template financial model it has developed over time and adjusted the model to fit the saleable components. Superlative's values assume alternative contract terms and incorporate assumptions that the payments for Naming Rights would escalate annually in proportion to changes in the Consumer Price Index (CPI), which is assumed to rise at 2.6% in the state of California; these values are presented in Section 5 of this report. After calculating the media value as described above, Superlative is able to build a profile of the sponsorship value for each site.

Benchmarking to Validate Market Value

In order to negate the short falls identified above in academic commentary with regard to Naming Rights valuation, The Superlative Group identifies sector benchmarks (or comparables) for each opportunity, researching commercial and contract values.

In order to confirm that an impression-based valuation is appropriate and accurate, The Superlative Group investigated the prices paid for Naming Rights for similar properties and assets in similar markets. When evaluating benchmark comparisons, Superlative considers the prestige of each asset, likely sponsor interest, and geographic reach of each sponsorable asset. Superlative takes into account the geographic reach of a sponsorship opportunity as a whole, on a local, regional and/or national basis, but also the geographic reach of each individual asset. For example, an individual piece of signage within the interior of a property would have a local reach, while recognition on publications and/or signage within a vehicle would reach a far broader audience. Assets are then ranked in order of potential to generate revenue to establish priorities for the Phase II sales process.

4 Asset Overview

4.1 Introduction

This section of the Advertising and Feasibility Study will provide a brief overview of the LACMTA transit system and TAP Card program, in order to identify the main assets that should be considered for Naming Rights, sponsorship and advertising revenue potential. Please refer to Sections 5.2 and 8 - 12 for the Asset Database, which provides detail of the value and proposed sponsorship terms.

4.2 TAP Card Program

Overview

In February 2008, the LACMTA began to implement its contactless fare system, known as the Transit Access Pass (TAP), a plastic card imbedded with smart-chip technology that would completely replace tokens by December 2019. Both the card and the fare collection systems are manufactured by Cubic Transportation Systems, and currently account for 24 million monthly transactions (288 million annually) from more than 1.5 million passholders as of September 2018, making it one of the largest smart card systems in the United States.

In 2019, TAP Cards were sold at more than 450 retail locations across Los Angeles County and will surpass more than 2,000 locations by the end of 2020 through a partnership with InComm, a payments technology company, according to press release obtained by Superlative. TAP Cards can be used to purchase fares on LACMTA bus, rail and Metro Bike Share transportation, with plans to expand to Microtransit, Scooters, Ride-Hailing, E-Bikes, Parking and Electric Vehicle services as part of a system-wide program roll-out.

TAP Cards are accepted on 25 public transit systems in LA County, including LACMTA, the largest transportation agency in Los Angeles. This includes 99 light rail stations and 3,800 buses. A complete list of these systems can be found below.

- Angels Flight Railway
- Antelope Valley Transit Authority (AVTA)
- Baldwin Park Transit
- Beach Cities Transit
- Burbank Bus
- Carson Circuit
- Compton Renaissance Transit System
- Culver CityBus
- Foothill Transit
- Gardena GTRANS
- Glendale Beeline
- Huntington Park Transit Unlimited
- LA County Department of Public Works
- LADOT Transit
- Los Angeles World Airports (LAWA)
- Long Beach Transit
- **LACMTA**
- Montebello Bus Lines
- Monterey Park Spirit Bus
- Norwalk Transit
- Palos Verdes Peninsula Transit Authority
- Pasadena Transit
- Santa Clarita Transit
- Santa Monica Big Blue Bus
- Torrance Transit

Fees

Purchase of each TAP Card includes a $2 new card acquisition for riders. The program offers daily, weekly and monthly passes as well as the option for stored value to consumers that ride infrequently. TAP Card balances are protected for a $5 administrative fee if they are lost or stolen, and value can be added at TAP vendor locations, ticket vending machines (TVMs), stations, online, by phone or set to auto-load if the value drops below a certain threshold. LACMTA offers TAP cards at a reduced rate to seniors above the age of 62, people with disabilities, college/vocational students and secondary education students. Each TAP Card has a useful life and expiration date of 10 years.

Exposure Opportunities

Corporate partners will seek to maximize their return on investment through exposure opportunities and promotion of their brand in conjunction with the TAP Card program. In addition to print recognition and other traditional media, signage exposure will be an important component of the TAP Card sponsorship valuation. This section provides Superlative's recommendations for the main sponsor recognition opportunities both within and around LACMTA lines and stations identified by the project team through the discovery process.

Ticket Vending Machines

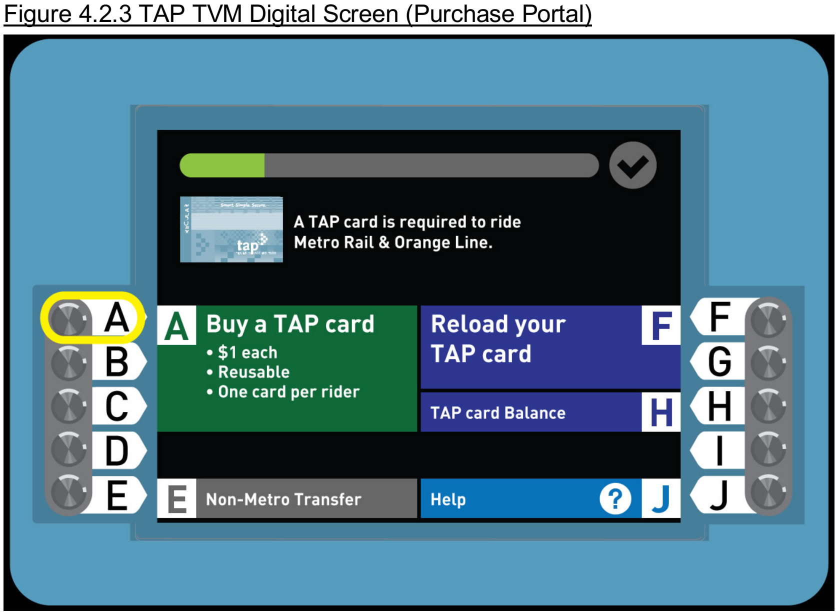
TAP Cards are currently sold onsite in LACMTA stations, customer care centers and other LACMTA-owned facilities (Note: This list does not include retail and other non-owned TAP Card vendors) through Ticket Vending Machines (TVMs). Typically, and as expected, TVMs are placed in convenient locations, and often in groups of five, as pictured below in Figure 4.2.1. Grouped configurations, as observed by Superlative, are freestanding or embedded in walls. Most stations include standalone kiosks, pictured in Figure 4.2.2 on the following page. Static signage opportunities exist in the forms of temporary banners, freestanding signs or wrapped/branded kiosks (e.g., standalone kiosks).

Figure 4.2.1 Freestanding Group TVMs

Figure 4.2.2

Pre-roll Ads on TVM Digital Displays
As described in detail below in Section 5.2, the Southeastern Pennsylvania Transit Authority (SEPTA) experimented with running pre-roll advertisements on its subway ticket kiosks. While that program proved unsuccessful, most criticism pertained to the length of the ad and lack of proper functionality. Assuming LACMTA TVMs can be properly programmed and ad length reduced to a minimum of one to two seconds maximum (more than sufficient exposure for a partner avail), their digital screens, seen below in Figure 4.2.3, present a valuable opportunity for sponsor visibility.

Figure 4.2.3 TAP TVM Digital Screen (Purchase Portal)



Locations

Based on information provided by the TAP Operations Department, Superlative was able to identify the exact location of TVMs across the LACMTA system and included the potential pool of impressions from daily riders. These impressions are weighted in Section 5.3 in order to determine the potential revenue for these assets as part of the main sponsorship opportunity for the TAP Card program. Please refer to Figure 4.2.4 below and on the following pages for a complete list of TVMs considered by this study.

Figure 4.2.4 TAP TVM Locations

Station	# of TVMs	Weekly Ridership	Annual	Potential Impressions[5]
B Line				
Union Station	10	164,780	8,568,560	85,685,600
Civic Center	6	42,795	2,225,340	13,352,040
Pershing Square	6	77,483	4,029,116	24,174,696
7th/Metro Center	16	233,064	12,119,328	193,909,248
Westlake/MacArthur Park	7	67,234	3,496,168	24,473,176
Wilshire/Vermont	4	80,415	4,181,580	16,726,320
Vermont/Beverly	4	39,341	2,045,732	8,182,928
Vermont/Santa Monica	4	50,548	2,628,496	10,513,984
Vermont/Sunset	4	47,677	2,479,204	9,916,816
Hollywood/Western	3	48,964	2,546,128	7,638,384
Hollywood/Vine	5	67,626	3,516,552	17,582,760
Hollywood/Highland	7	87,212	4,535,024	31,745,168
Universal City	5	73,756	3,835,312	19,176,560
North Hollywood	10	174,338	9,065,576	90,655,760
C Line				
Norwalk	6	41,017	2,132,884	12,797,304
Lakewood	4	23,711	1,232,972	4,931,888
Long Beach Blvd.	4	23,905	1,243,060	4,972,240
Imperial Wilmington - MGL Portion	3	67,443	3,507,036	10,521,108
Avalon	4	20,355	1,058,460	4,233,840
I-110/Harbor	3	26,608	1,383,616	4,150,848
Vermont	4	22,921	1,191,892	4,767,568
Crenshaw	4	24,723	1,285,596	5,142,384
Hawthorne Blvd.	4	38,319	1,992,588	7,970,352
Aviation	5	43,305	2,251,860	11,259,300
Mariposa	4	13,198	686,296	2,745,184
El Segundo	5	10,023	521,196	2,605,980
Douglas	4	8,365	434,980	1,739,920
Marine/Redondo	4	11,150	579,800	2,319,200
A Line				
Pico	6	46,926	2,440,152	14,640,912
Grand	5	39,448	2,051,296	10,256,480
San Pedro	2	25,783	1,340,716	2,681,432
Washington	2	15,382	799,864	1,599,728
Vernon	3	28,039	1,458,028	4,374,084
Slauson	2	24,085	1,252,420	2,504,840
Florence	3	44,343	2,305,836	6,917,508
Firestone	*3*	29,941	1,556,932	4,670,796
103rd	3	32,253	1,677,156	5,031,468
Imperial/Wilmington - A Line Portion	4	107,120	5,570,240	22,280,960
Compton	4	39,166	2,036,632	8,146,528
Artesia	3	34,037	1,769,924	5,309,772
Del Amo	4	34,341	1,785,732	7,142,928

[5] This reflects the potential number of impressions from riders, were every rider able to see every TVM at each station. As this is not the case, this "universe" of potential impressions has been weighted by Superlative's proprietary methodology (described above in Section 3) and factored into our analysis in Section 5.

Wardlow	4	16,649	865,748	3,462,992
Willow	3	37,420	1,945,840	5,837,520
PCH	3	24,973	1,298,596	3,895,788
Anaheim	4	25,899	1,346,748	5,386,992
5th St.	4	12,545	652,340	2,609,360
1st St.	4	10,094	524,888	2,099,552
Downtown Long Beach (Transit Mall)	3	7,547	392,444	1,177,332
Pacific	4	33,312	1,732,224	6,928,896
L Line				
Azusa/Citrus	2	22,095	1,148,940	2,297,880
Azusa/Alameda	4	24,643	1,281,436	5,125,744
Irwindale	4	8,810	458,120	1,832,480
Duarte	4	10,496	545,792	2,183,168
Monrovia	4	14,176	737,152	2,948,608
Arcadia	2	17,308	900,016	1,800,032
Sierra Madre Villa	4	24,310	1,264,120	5,056,480
Allen	2	18,245	948,740	1,897,480
Lake Ave.	4	22,576	1,173,952	4,695,808
Memorial Park	4	32,249	1,676,948	6,707,792
Del Mar	4	20,516	1,066,832	4,267,328
Fillmore	2	17,506	910,312	1,820,624
South Pasadena	8	19,327	1,005,004	8,040,032
Highland Park	4	26,854	1,396,408	5,585,632
Southwest Museum	2	9,193	478,036	956,072
Heritage Square	4	9,244	480,688	1,922,752
Lincoln/Cypress	4	14,974	778,648	3,114,592
Chinatown	6	20,826	1,082,952	6,497,712
Union Station - PGL Entrance	4	154,763	8,047,676	32,190,704
Little Tokyo	4	33,695	1,752,140	7,008,560
Pico Aliso	2	12,045	626,340	1,252,680
Mariachi Plaza	2	11,036	573,872	1,147,744
Soto	2	20,462	1,064,024	2,128,048
Indiana	4	17,680	919,360	3,677,440
Maravilla	4	5,330	277,160	1,108,640
East LA Civic Ctr	4	8,235	428,220	1,712,880
Atlantic	4	25,475	1,324,700	5,298,800
E Line				
23rd St.	4	27,348	1,422,096	5,688,384
Jefferson	4	22,098	1,149,096	4,596,384
USC/Expo	4	27,596	1,434,992	5,739,968
Vermont	8	45,051	2,342,652	18,741,216
Western	4	40,779	2,120,508	8,482,032
Crenshaw	4	37,071	1,927,692	7,710,768
Farmdale	4	12,750	663,000	2,652,000
La Brea	4	29,688	1,543,776	6,175,104
La Cienega	4	30,874	1,605,448	6,421,792
Culver City	5	34,622	1,800,344	9,001,720
National/Palms	2	21,403	1,112,956	2,225,912
Expo/Westwood	2	20,250	1,053,000	2,106,000
Expo/Sepulveda	4	25,761	1,339,572	5,358,288
Expo/Bundy	4	27,055	1,406,860	5,627,440
Olympic/26th	6	20,906	1,087,112	6,522,672
Colorado/17th	4	32,000	1,664,000	6,656,000
Downtown Santa Monica (Colorado/4th)	7	94,626	4,920,552	34,443,864
G Line				
North Hollywood	2	76,272	3,966,144	7,932,288
Laurel Canyon	4	11,836	615,472	2,461,888

Valley College	4	9,362	486,824	1,947,296
Woodman Ave.	4	7,696	400,192	1,600,768
Van Nuys Blvd.	4	30,691	1,595,932	6,383,728
Sepulveda	4	17,112	889,824	3,559,296
Woodley	4	6,833	355,316	1,421,264
Balboa	4	13,961	725,972	2,903,888
Reseda	4	22,592	1,174,784	4,699,136
Tampa	4	5,282	274,664	1,098,656
Pierce College	4	9,547	496,444	1,985,776
DeSoto Ave.	4	5,253	273,156	1,092,624
Canoga Ave	7	18,320	952,640	6,668,480
Warner Center (EB)	2	Data Unavailable		
Sherman Way - SB Platform	4	12,393	644,436	2,577,744
Roscoe	4	9,125	474,500	1,898,000
Nordhoff	4	5,643	293,436	1,173,744
Chatsworth	2	9,936	516,672	1,033,344
J Line				
El Monte Transit Center	6	26,943	1,401,036	8,406,216
CSULA - Pedestrian Overcrossing	1	12,864	668,928	668,928
LAC-USC Medical Center	1	2,836	147,472	147,472
37th Street	1	3,362	174,824	174,824
Slauson	1	5,361	278,772	278,772
Manchester	2	6,956	361,712	723,424
Rosecrans	2	4,756	247,312	494,624
Harbor Gateway Transit Center	4	22,984	1,195,168	4,780,672
Customer Center				
East Portal - Union Station Customer Center	1	434,531	22,595,612	22,595,612
Patsaouras Bus Plaza	1	14,229	739,908	739,908
East LA Customer Center	1	4,103	213,356	213,356
Baldwin Hills Customer Center	1	21,898	1,138,696	1,138,696
Regional TVMs				
LAX City Bus Center	1	2,647	137,644	137,644
Pico/Rimpau	1	8,023	417,196	417,196

TAP Card Readers
TAP Card readers can be found in Light Rail stations and on Metro buses. They come in three forms, as identified in Figures 4.2.5 – 4.2.8:

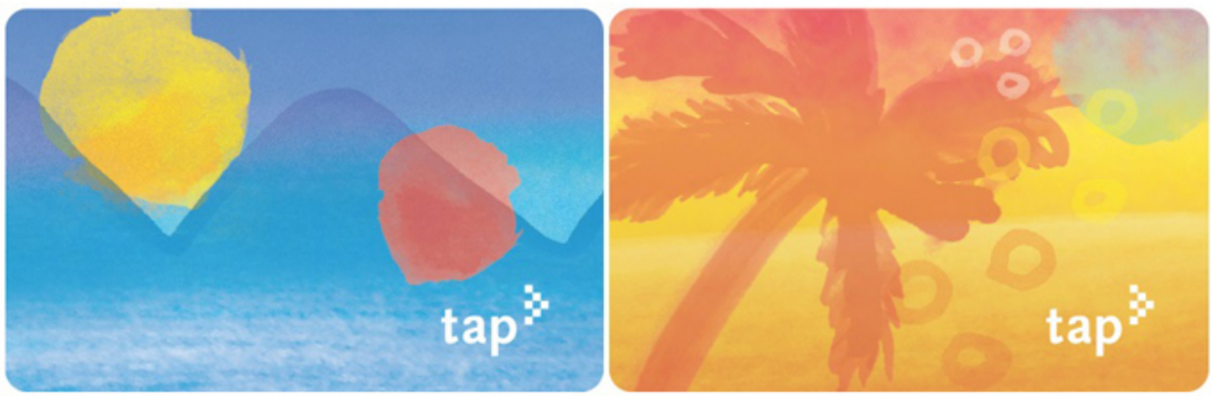
Figure 4.2.5 and 4.2.6 Station Validators

Figure 4.2.7 Bus Validators

Figure 4.2.8 Bus Fareboxes

TAP Cards
TAP Cards have the same measurements as a credit or other payment card, typically 3.370” × 2.125”, with an approximate thickness of 0.76 mm (1/32 in). As described below, TAP Cards can be modified in numerous ways:

Figure 4.2.9 Standard and Discounted Fare TAP Cards



In 2019, LACMTA, in partnership with the Los Angeles Football Club (LAFC), a professional soccer team, issued a first-of-its-kind limited-edition LAFC-branded TAP card. This iteration is most akin to the type of recognition that a sponsor would expect to receive as part of a holistic opportunity. Please see Figure 4.2.10 below.

Figure 4.2.10 Branded TAP Card (LAFC)

Periodically, LACMTA will issue commemorative and special event TAP cards on a limited basis. Please see Figures 4.2.11 – 4.2.13 below. Based on Superlative's due diligence, these limited-edition cards are considered collector's items and can fetch a substantial aftermarket price.

Figure 4.2.11 Limited Edition Pride Card

Figure 4.2.12 Limited Edition Obama Card (2014)

Figure 4.2.13 Limited Edition Charles White Card (2019)

Wearables

In August 2019, LACMTA began selling TAP "wearables" as an alternative to cards, including "TAP Flex", a silicone wrist band, and "Tap Mini" key fob for $10, both pictured below. LACMTA's TAP Operations Department has indicated this initiative has been less than successful to date, although the program has only been active for less than a year.

Figure 4.2.14

4.3 Metro Rail System

Overview

The Metro Rail is an urban rail system serving Los Angeles County. Metro Rail currently operates over 98 miles of service and served more than 93 million passengers in 2019. Consisting of six lines, two subway lines (B and D lines) and four light rail lines (A, C, L and E Lines) the overall system utilizes 93 stations. Metro Rail connects to the Metro Busway system (G and J Lines) and also the commuter rail system (Metrolink).

Los Angeles County previously had two rail systems, the Pacific Electric Red Car and Los Angeles Railway Yellow Car lines, which operated between the late 1800s and the 1960s. The Metro Rail system utilizes many of the former rights-of-way and can be considered the indirect successor to these earlier transit systems.

A Line

The recently renovated A Line was the first rail line in the LACMTA system and opened in 1990. The A Line is a light rail that runs through 22 stations (including two shared) over 21.3 miles from Downtown Los Angeles to Long Beach. In 2019, the A Line ridership totaled nearly nine million passengers. Popular destinations along the A Line include Staples Center, the LA Convention Center, Watts Towers, the Queen Mary and the Aquarium of the Pacific.

Figure 4.3.1 Metro A Line

B Line

The B Line was LACMTA's first subway line built and opened in 1993. The B Line runs 14 miles from North Hollywood to Downtown Los Angeles utilizing 16 stations (including six shared). In 2019, the B Line was the most popular line with riders, totaling more than 41 million passengers. Popular destinations along the B Line include Grand Park, the Music Center, Grand Central Market, the LA Convention Center, Staples Center, MacArthur Park, the Pantages Theater, the Walk of Fame and Universal Studios.

Figure 4.3.2 Metro B Line

C Line

The C Line, opened in 1995, is a light rail spanning 19.5 miles from Norwalk to Redondo Beach. The C Line utilizes 14 stations (including one shared) and runs in the median of the I-105 freeway. More than nine million passengers rode the C Line in 2019. Destinations include Los Angeles International Airport (a free shuttle bus is available at Aviation Station), Manhattan Beach Pier, The Forum, LA Southwest College, Earvin Magic Johnson Recreation Center, Lynwood Park, and LA County Hall of Records.

Figure 4.3.3 Metro C Line

L Line

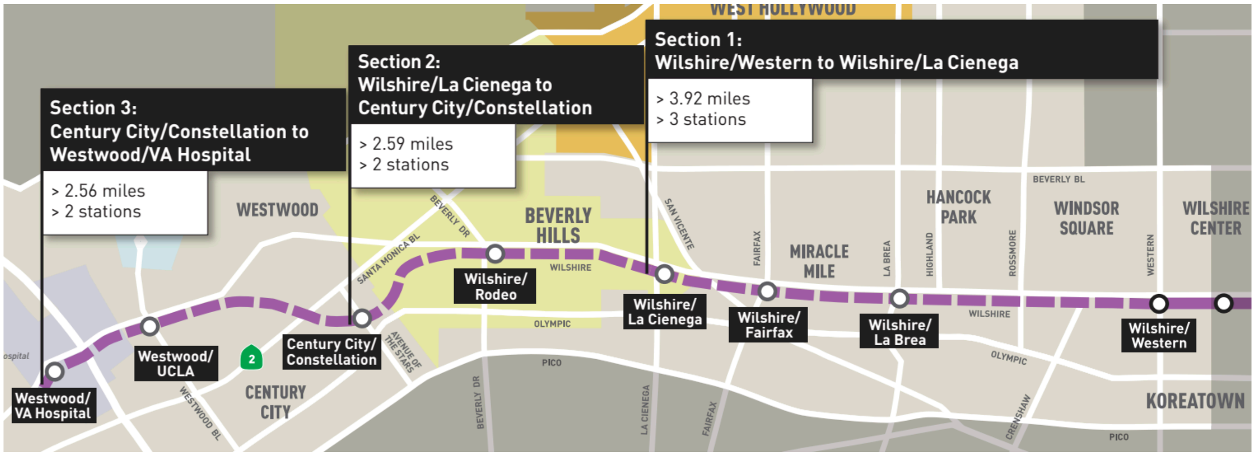
A light rail opened in 2003, the L Line operates from East Los Angeles to Union Station before turning northward into the San Gabriel Valley. The L Line is the longest LACMTA rail line, covering nearly 30 miles. Ridership in 2019 reached 15 million passengers. Notable stops include Mariachi Plaza, Little Tokyo/Arts District, Grand Park, Chinatown, Southwest Museum, Old Town Pasadena, Arcadia, City of Hope Medical Center, Azusa Pacific University, Citrus Community College.

Figure 4.3.4 Metro L Line

D Line

The D Line shares the track with the B Line until Wilshire/Vermont where it forks and ends with two stops in Koreatown. Within the next decade, service will expand west to reach LACMA (by 2023), Beverly Hills (2025) and UCLA (2027). Possible destinations include: Wiltern Theater, MacArthur Park, Staples Center, LA Convention Center, Grand Central Market, the Music Center, Grand Park.

Figure 4.3.5 Metro D Line Extension



E Line

The E Line is the youngest rail line in the LACMTA system, having opened in 2012. The E Line covers 13.1 miles traveling from Downtown Los Angeles to Santa Monica. Ridership for the E Line exceeded 18 million in 2019. Popular destinations include the University of Southern California, Exposition Park, Crenshaw District, Culver City, Santa Monica Pier and Third Street Promenade.

Figure 4.3.6 Metro E Line

4.4 Metro Bus System

Overview

The Metro Bus System is an urban bus system serving Los Angeles County. Metro Bus currently covers more than 1,479 square miles in its service area and served more than 277 million passengers in 2019. Metro Bus operates 165 bus routes totaling nearly 14,000 bus stops with a fleet of more than 2,300 buses.

The Metro Bus System includes two bus rapid transit (BRT) services that operate in dedicated lanes along freeways and local streets. This allows limited-stop service along main corridors across Los Angeles. The G Line runs through the San Fernando Valley and the J Line connects El Monte, Downtown Los Angeles and San Pedro. These two lines combined for almost 12 million passengers in 2019.

G Line

The G Line, opened in 2005, is one of two Metro Liner bus routes that has dedicated lanes on the freeways and surface streets. The G Line covers 18 miles and serves 18 stations across the valley from the North Hollywood B Line station to Chatsworth. Ridership in 2019 was 6.7 million passengers for the G Line.

Figure 4.4.1 Metro G Line

J Line

The J Line provides service for faster travel between San Pedro, Downtown LA and El Monte. The J Line 910 and J Line Express 950X share the same stops in Downtown LA and on the I-10 Freeway. However, the Express 950X makes fewer stops on the I-110 Freeway to allow for faster service. Ridership for 2019 was more than five million total passengers. Popular destinations include Staples Center, LA Live, The Music Center, Broad Museum, LA Convention Center, LA Coliseum, CA Science Center, Olvera Street, USC, Cal State LA, Battleship USS Iowa.

Figure 4.4.2 Metro J Line

Dodger Stadium Express

Since 2010, the Dodger Stadium Express has offered free shuttle for ticket holders to Dodger Stadium for all Los Angeles Dodgers home games. Annual ridership in 2019 was more than 300,000 passengers, bringing the overall total ridership since its inception to over two million. The Dodger Stadium Express connects to Metro at Union Station and the South Bay Stations. The Dodger Stadium Express is currently a demonstration project made possible by Clean Transportation Funding from the Mobile Source Air Pollution Reduction Review Committee (MSRC).

Figure 4.4.3 Dodger Stadium Express Bus

Figure 4.4.4 Dodger Stadium Express Route

LAX FlyAway

The LAX FlyAway offers convenient regularly scheduled roundtrips, seven days per week, between each terminal at LAX and Hollywood, Long Beach, Union Station and Van Nuys. LAX FlyAway bus service is operated by Los Angeles World Airports (LAWA), which owns and operates Los Angeles International Airport and Van Nuys. LAWA is a department within the City of Los Angeles. As of the publishing of this report, ridership data for this service had not been provided.

Locations for LAX FlyAway service are:

- Hollywood – west side of Vine Street, one block south of Hollywood Boulevard
- Long Beach – northwest corner of 1st Street and Long Beach Boulevard at Shelter A of the Long Beach Transit Gallery
- Union Station – Downtown Los Angeles
- Van Nuys – San Fernando Valley

Figure 4.4.5 LAX FlyAway

4.5 Metro Stations

Overview

Along with the rail and bus lines, Metro stations can be a valuable asset for LACMTA. This study looked at all stations along the previously mentioned rail and bus lines. Excluding the iconic Union Station, four stations were selected to be highlighted for their potential sponsorship value. The additional stations outside of these four were then grouped together to illustrate the potential value for the rest of a full station Naming Rights sponsorship program.

Civic Center/Grand Park

Civic Center/Grand Park is located on Hill Street between 1st and Temple streets in Downtown Los Angeles. Primarily an underground subway station, Civic Center/Grand Park services the Red and Purple lines as well as the J Line with a bus stop at street level. More than 68,000 riders on the Red and Purple lines pass through Civic Center/Grand Park on a weekly basis, along with more than 8,000 J Line riders at the bus stop at 1st and Hill. Attractions near the Civic Center/Grand Park station include the Los Angeles Music Center, The Broad, the Museum of Contemporary Art, Grand Park and the Little Tokyo neighborhood.

Figure 4.5.1 Civic Center/Grand Park Station

Pershing Square

The Pershing Square Station sits adjacent to Pershing Square at 5th and Hill streets. Pershing Square Station is another subway station servicing the Red and Purple lines that sees a combined weekly ridership of more than 115,000 people. Attractions near Pershing Square include the Historic Core, Angels Flight, Grand Central Market, the US Bank Tower and the Jewelry District.

Figure 4.5.2 Pershing Square Station

7th Street/Metro Center

A major rail station located at 7th and Flower streets, 7th Street/Metro Center Station services the Red, Purple, A (Blue) and E (Expo) lines. At the street level intersection there is also a bus stop for the J Line. The combined rail ridership is more than 650,000 per week, with an additional 10,000 utilizing the J Line bus stop. 7th/Metro Center has direct access to The Bloc Shopping Mall and is right in the thick of the Financial District.

Figure 4.5.3 7th Street/Metro Center Station

Pico

Pico Station is a street level station servicing the A Line and E Line, along with a bus stop for the J Line at Pico Boulevard and Flower Street. The rail service through Pico combines for more than 92,000 riders weekly, with nearly 2,000 additional J Line weekly riders. Servicing the South Park neighborhood, Pico is centrally located for popular attraction such as Staples Center, LA Live and the Los Angeles Convention Center.

Figure 4.5.4 Pico Station

Additional Stations

In addition to the previous four stations listed, Superlative looked at all the stations on the A, B, C, L, D, E, G and J lines. Excluding Union Station, there are an additional 115 stations that were considered for this study.

4.6 Freeway Service Patrol

The Metro Freeway Service Patrol (FSP) is a congestion mitigation program managed in partnership with LA Metro, California Highway Patrol and Caltrans on all major freeways in Los Angeles County. The Freeway Service Patrol is the largest of its kind in the nation, performing approximately 25,000 assists per month. The Freeway Service Patrol utilizes a fleet of roving tow and service trucks designed to reduce traffic congestion by efficiently getting disabled vehicles running again, or by quickly towing those vehicles off the freeway to a designated safe location. Quickly removing motorists and their disabled vehicles from the freeway reduces the chances of further incidents caused by onlookers and impatient drivers. In addition, FSP helps save fuel and reduce air polluting emissions by reducing stop-and-go traffic.

The Freeway Service Patrol is a free service to all motorists offering services such as changing flat tires, jump-starting cars, refilling radiators, providing up to a gallon of fuel and towing to safe locations off the freeway. The average wait time for service is approximately seven minutes, which is considerably faster than AAA service's wait time of 30 minutes.

The Freeway Service Patrol can assist motorists in three different categories and areas: general purpose freeway lanes (cars, light trucks, vans, SUVs), big rig lanes (semi-trucks with large trailers and other larger vehicles on I-710 and SR-91) and express lanes (I-110 and I-10 corridors).

Figure 4.6.1 Freeway Service Patrol Vehicles

4.7 Metro Bike Share

The Metro Bike Share system makes bikes available 24/7, 365 days a year across Downtown Los Angeles, Central Los Angeles, North Hollywood and the Westside. Metro Bike Share is a partnership between LACMTA and the City of Los Angeles that offers convenient access to a fleet of bicycles for short trips. Metro Bike Share is operated by Bicycle Transit Systems, a Philadelphia-based company that specializes in bike share operations and management. The manufacturer for Metro Bike Share is BCycle, a leading bike share equipment supplier. Currently, there are about 4,000 bikes in the program and 274 bike racks located throughout the service area.

Since implementation, more than one million trips have been taken with Metro Bike Share with excess of 75,000 passes sold. That has resulted in 3.2 million miles travelled, 5.8 million pounds of CO2 emissions reduced and 95.6 million calories burned.

Figure 4.7.1 Metro Bike Pricing

1-Ride $1.75/30 Minutes	**24-Hour Access** $5 to Start	**30-Day Pass** $17/month	**365-Day Pass** Best Value $150/year
All rides are $1.75 every 30 minutes	All rides 30 minutes or less are free for 24 hours	All rides 30 minutes or less are free	All rides 30 minutes or less are free
Purchase at any Metro Bike Share kiosk	Purchase at any Metro Bike Share kiosk	$1.75 per 30 minutes thereafter	$1.75 per 30 minutes thereafter

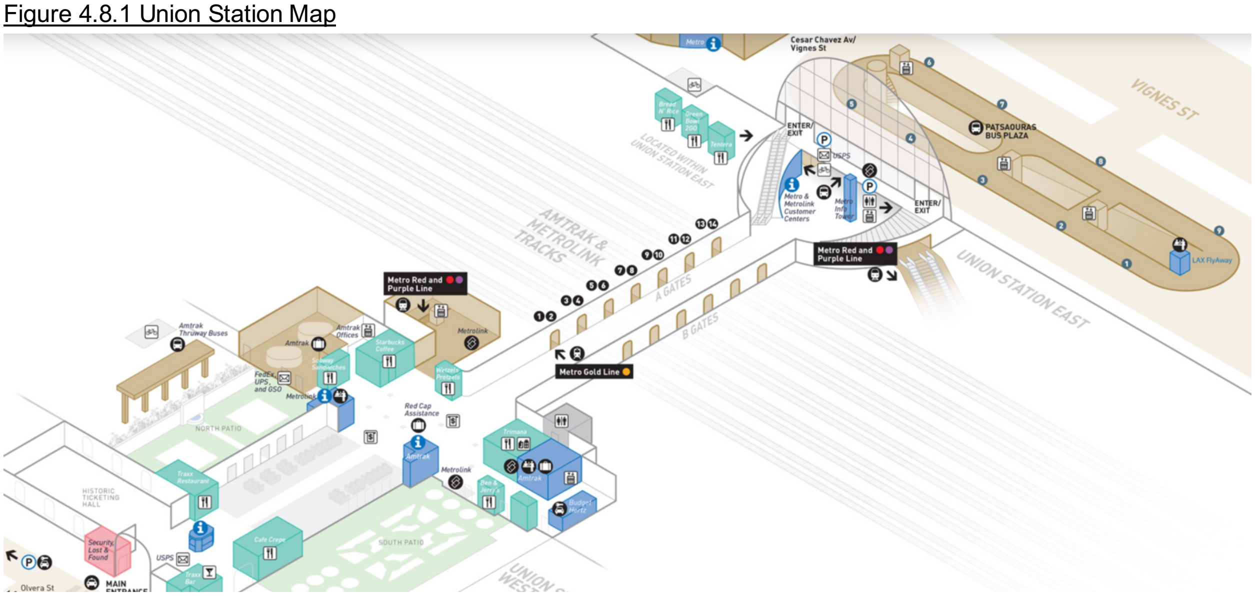
Figure 4.7.2 Metro Bike Share Bicycles

4.8 Passageway at Union Station

The largest railroad passenger terminal in the western United States, Los Angeles Union Station is one of the last great train stations. Built in 1939, Union Station was originally intended to serve as a transcontinental terminus station for the Union Pacific, Santa Fe and Southern Pacific Railways. In 1980, the 161,000 square foot terminal was listed on the National Register of Historic Places and the station itself was restored in 1992. LACMTA acquired Union Station in 2011, now managing the property that serves as the transportation hub for Metro, Metrolink, Amtrak and other transportation services in Los Angeles County. With its location in Downtown Los Angeles, Union Station is in near proximity to the Los Angeles Civic Center, Chinatown, Little Tokyo, the Arts District and Boyle Heights.

The Passageway at Union Station links Union Station East and Union Station West. The Passageway has gates for the Metro L Line and access points to the platforms for the Red and Purple lines. Those three lines alone account for more than 420,000 passengers per week through Union Station. Sponsorship of the Passageway would allow for the opportunity of exposure in one of the busiest sections of the largest terminal in the LACMTA system.

Figure 4.8.1 Union Station Map



4.9 Public Restrooms

Based on the discussion with LACMTA leadership, there is an ongoing proposal to develop public restrooms at major transit stations throughout the Metro service area. These would be self-cleaning, automated toilets available for use to the public and would cost approximately $60,000 per unit. The assumption from Superlative would be to start the program in approximately 10 to 20 stations. A sponsor could receive recognition on the exterior of the physical structure and be visible to Metro riders and passing pedestrians and vehicles. Superlative made assumptions as to the location in order to provide a potential sponsorship value.

4.10 Parking Structures

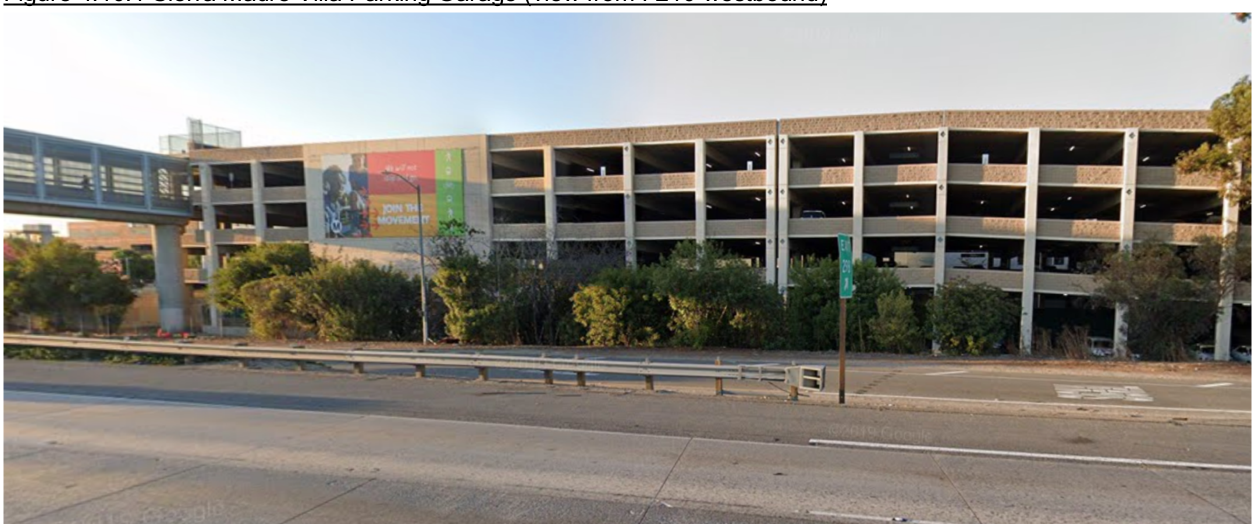
Overview

Metro parking facilities can provide additional sponsorship opportunities for LACMTA where applicable. This study looked at nine garages located among various rail and bus lines that could be assets in a sponsorship agreement. Each parking facility may offer different rates and terms to users. This section will showcase the nine parking garages studied and highlight their usage and location.

Sierra Madre Villa

Located in Pasadena, right off the Sierra Madre Villa Avenue exit from I-210, the Sierra Madre Villa Station (L Line) and parking garage are highly visible to freeway traffic. This contributes to a high number of impressions which would be desirable from a potential sponsor. The Sierra Madre Villa garage has 934 parking spaces and in 2019, averaged about 52 percent capacity.

Figure 4.10.1 Sierra Madre Villa Parking Garage (view from I-210 westbound)



Atlantic

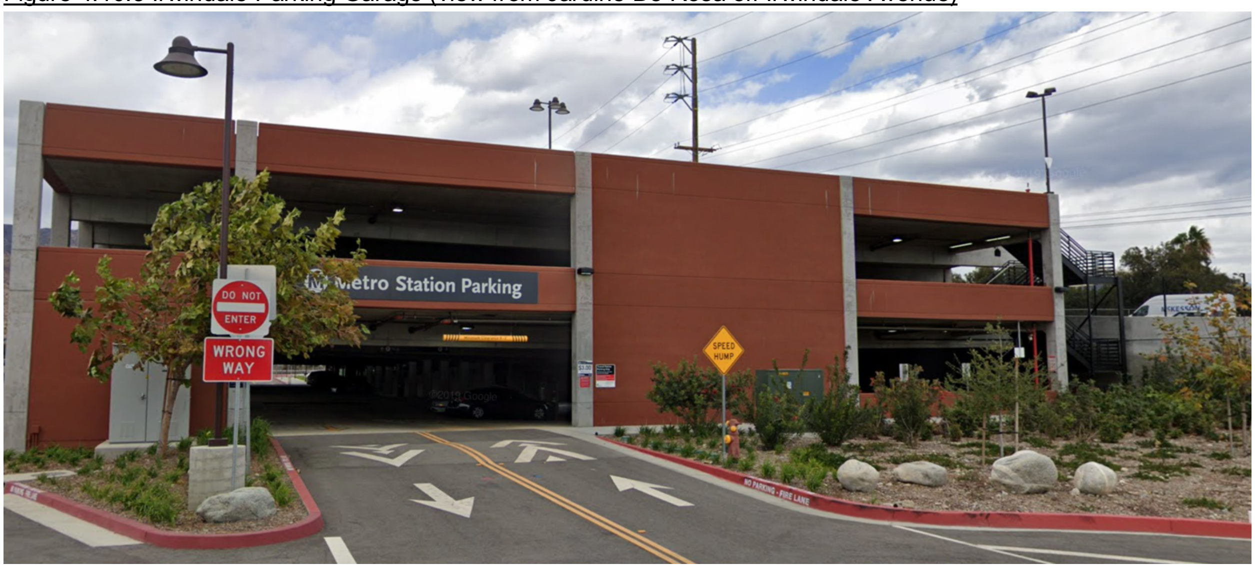
The Atlantic Station parking garage is located in East Los Angeles at the intersection of Pomona and Atlantic boulevards, close to the on/off ramp for SR-60. This marks one end of the Metro L Line. In 2019, the Atlantic garage averaged 73 percent capacity for its 268 parking spaces.

Figure 4.10.2 Atlantic Parking Garage (view from Atlantic Boulevard)

Irwindale

Also located on the L Line, the Irwindale station and garage are located in Irwindale off Irwindale Avenue. There is slight visibility of the garage from the off ramp of I-210 eastbound to Irwindale Avenue. The garage averaged 77 percent capacity in 2019 for its 350 parking spaces.

Figure 4.10.3 Irwindale Parking Garage (view from Jardine De Rosa off Irwindale Avenue)



Azusa Pacific University/Citrus College

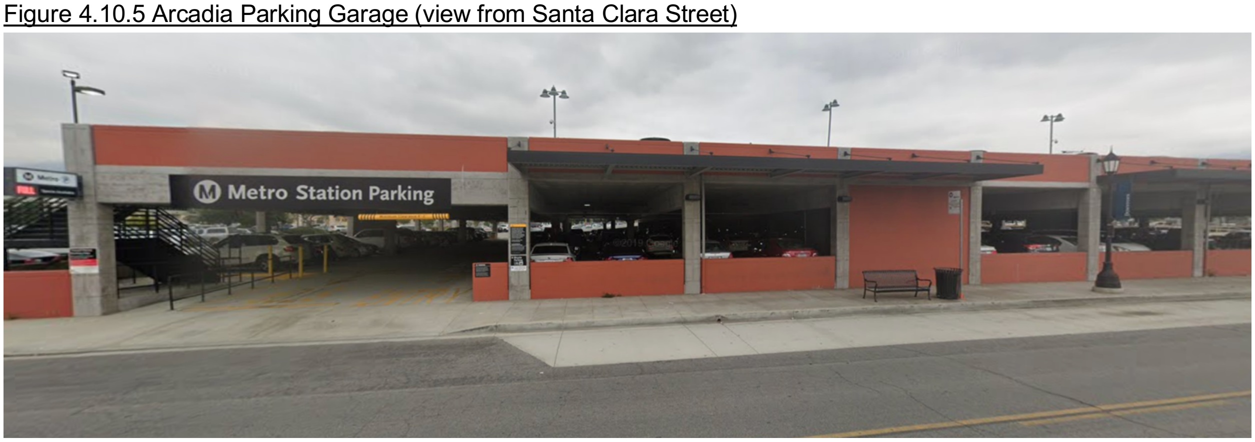
Located at one end of the Metro L Line, the APU/Citrus College station and garage are adjacent to the campuses of Azusa Pacific University and Citrus College in Azusa. The garage itself is near the intersection of Citrus Avenue and Foothill Boulevard. The garage contains 206 parking spaces and averaged 95 percent capacity throughout 2019.

Figure 4.10.4 APU/Citrus College Parking Garage (view from Citrus Avenue)

Arcadia

Located in Arcadia, the Arcadia station and garage averaged 66 percent capacity with its 268 parking spaces in 2019. The station is another along the L Line and the garage is located on Santa Clara Street between First and Santa Anita avenues.

Figure 4.10.5 Arcadia Parking Garage (view from Santa Clara Street)



La Cienega/Jefferson

La Cienega/Jefferson is located near Culver City along the E Line. In 2019, the garage averaged 71 percent capacity and had 489 parking spaces. The garage is located at the intersection of La Cienega and Jefferson boulevards.

Figure 4.10.6 La Cienega/Jefferson Parking Garage (view from the station platform)

Monrovia

In Monrovia, the L Line stops at Monrovia station and the parking garage is located on Primrose Avenue, near the off ramp of I-210 eastbound to Evergreen Avenue. The Monrovia garage had a capacity of 35 percent for its 350 parking spaces throughout 2019.

Figure 4.10.7 Monrovia Parking Garage (view from Primrose Avenue)

Willow Street

Located along the A Line, the Willow Street station and garage sit near the intersection of Long Beach Boulevard and 27th Street in Long Beach. With 694 parking spaces, the Willow Street garage was able to utilize 41 percent capacity on average in 2019.

Figure 4.10.8 Willow Parking Garage (view from 27th Street)

Expo/Sepulveda

Along the E Line sits the Expo/Sepulveda station and garage, near the interchange of I-10 and I-405. The garage is slightly visible from the eastbound ramp of I-10 to I-404 northbound. On average, the Expo/Sepulveda garage utilized 58 percent of its 206 parking spaces in 2019.

Figure 4.10.9 Expo/Sepulveda Parking Garage (view from Exposition Boulevard)

4.11 Naming Rights Signage and Recognition Opportunities

Naming Rights and Corporate Sponsorship partners will seek to maximize their return on investment through exposure opportunities and promotion of their brand. In addition to online and other traditional media, signage will be an important component of the Naming Rights valuation. This section identifies the main signage opportunities both within and around the LACMTA lines and stations. This overview is not intended to be an exhaustive list of signage, but rather a list of the main signage assets for the Naming Rights & Corporate Sponsorships program.

Platform Signage

Typical rail and BRT stations consist of long-standing platforms with several seats/benches and an overhanging canopy. Each individual station has areas for station identification, as well as opportunities for recognition for a Naming Rights partner, including directional signage and/or a station kiosk. As discussed below, LACMTA will need to work with the Naming Rights Sponsor to develop appropriate types and locations of signage at each station.

Fixed Onsite Signage

The following locations have been identified for inclusion of Sponsor ID. LACMTA's team and signage engineers will need to check whether each signage proposal is permissible and whether signage design and production timescales will allow inclusion of Sponsor ID.

- Sponsor name/logo designation on rail line stations or bus stops;
- Sponsor ID within vehicle interior signage;
- Sponsor ID on permanent station maps;
- Sponsor ID on exterior of vehicles;
- Opportunity for vehicle wraps;
- Sponsor ID on published schedules, system tickets, handheld LACMTA maps;
- (X) Days/year that staff could promote a subject or event in the vehicles or stations.

Appendix B provides examples of branding and signage on existing Light Rail and BRT assets in San Diego and Cleveland for sake of comparison.

5 TAP Card Advertising (Tasks 1 – 3)

5.1 Introduction

This section of the feasibility study will provide a brief overview of the history of transit ticketing and payment systems; best practices for transit pass monetization based on other U.S. and international public transit systems; industry benchmarks; and our Asset Database for TAP Card assets, which provides detail of the proposed approach, asset value and sponsorship terms.

5.2 Best Practices for Transit Pass Advertising (U.S. and International)

Mass Transit Ticketing and Payment Systems

Introduction

In order to determine appropriate industry benchmarks for a TAP Card advertising program, it is important to understand how ticketing and payment systems have evolved—and are continuing to evolve—over time. The following section provides a brief chronology of transit ticketing and payment systems from 1929 to the present.

Subway Tokens (1929 – 2003)

Until the early 2000s, mass transit agencies mostly accepted cash or proprietary tokens to pay for public transportation. Beginning in 1929, the Brooklyn and Queens Transit Corporation, a subsidiary of the Brooklyn-Manhattan Transit Corporation (BMT), implemented half-fare tokens for its streetcars in Brooklyn and Queens. In 1953, New York City raised its subway fare to 15 cents. Subsequently, the city introduced the subway token to supplant the requirement for three nickels, the common denomination of the period. The token became a symbol of New York City until it was phased out for the MetroCard. The last token was sold on April 12, 2003.

In greater context, tokens offered a number of advantages over cash as a means of collecting fares. Tokens alleviated the need for consumers to carry exact change, allowed purchase of advance discounted tickets and reduced employee theft. Historically, tokens gave shape to closed urban mass transit systems in which only proprietary tokens could be used to pay for local transportation agency services.[6]

Electronic Payment Systems (1970 – present)

During the 1970s, the prepaid magnetic stripe card began to replace tokens and cash payments. Operationally, it was expensive to collect cash fares. In 1998, for example, every dollar in passenger revenue received by a transit agency generated approximately six cents of expense on fare collection and processing. Most of this cost was associated with collecting, transporting, counting and guarding cash. Dollar bill processing was particularly challenging and expensive. Reducing the use of cash for fare payment provided a clear benefit for transit operators.[7]

As a result, transit systems evolved in two separate and distinct ways. The transit systems for Commerce, CA, and East Chicago, IN, established themselves as fare-free in the early 1960s and 1970s, respectively, and continue to offer this service today. As of 2012, at least 39 public transit agencies in the United States offered completely fare-free transit, while many more offer service that is free to certain segments of the population or in geographic subcomponents of their service area (e.g., veterans, disadvantaged populace). However, these systems represent a minority of all transit agencies, and no system with more than 100

[6] Quibrial, Nasreen, Sr. “The Contactless Wave: A Case Study in Transit Payments.” Emerging Payments Industry Briefing, Federal Reserve Bank of Boston. 2008.
[7] Transportation Research Board National Research Council, “Report 32: Multipurpose Transit Payment Media.” National Academy Press. Washington, D.C. 1998.

buses currently offers fare-free service,[8] an apparent threshold where fare-free service no longer becomes feasible to operate without incurring significant, irreconcilable expenses.

The majority of operators, especially younger systems founded in the 1970s like the Washington Metropolitan Area Transit Authority (WMATA), implemented electronic payment systems featuring paper fare products that offered discounts for riders that regularly transferred between two systems. Following this trend, the New York Metropolitan Transit Authority (New York MTA) launched the iconic, yellow MetroCard in 1992 that eventually replaced the subway token in the early 2000s.

Contactless Fare Technology (1998 – present)
The first contactless fare system is credited to Société de transport de l'Outaouais (STO) in Quebec, which introduced "smart cards" on its bus service in 1998. Smart cards use embedded microchips to electronically store data, allowing for contact-based (inserted into a chip reader) or contactless use through a short-range radio frequency identification chip (RFID) that transfers data via radio waves when the consumer places the card within four inches of the reader. This technology enables payments to be tracked and monitored for ticket validity and use.[9]

As noted above, New York MTA replaced the subway token with the MetroCard in 1992, but only recently announced (2017) plans to phase out its electronic payment system in favor of the smart OMNY (One Metro New York) contactless fare system by 2023, nearly a decade after LACMTA introduced the smart TAP Card program in 2007. At the same time, TriMet in Portland, OR, announced the launch of its Hop FastPass contactless fare system. Other public transit agencies across the United States and internationally followed suit. In this endeavor, New York MTA is currently several years behind trend. Similarly, the Chicago Transit Authority did not allow for credit card payments until 2009, nearly 11 years and two years, respectively, after STO and LACMTA introduced contactless fare systems in their respective markets.

Mobile Ticketing (2012 – present)
Five years after Steve Jobs, former CEO of Apple, Inc., announced the company's "one device"—the iPhone—to the worldwide marketplace and disrupted the mobile technology industry, Massachusetts Bay Transportation Authority (MBTA) in Boston, MA, capitalized on the growing ubiquity of the smartphone—which had built-in Near Field Communication (NFC) technology, an RFID system with the ability to read and "tag", that would not be fully optimized for mobile payment integration until the late aughts (2015 – 2018)—and introduced the first mobile ticketing to the public transit sector in 2012.

The MBTA system provided mobile applications for iPhone, Android and BlackBerry that could be used to purchase commuter rail tickets and passes. Once tickets were purchased, customers could use their respective apps to display the tickets on their mobile device.[10] According to one source unaffiliated with the agency, only half of MBTA stations offered automated ticket kiosks for riders to add value to their RFID-enabled smart cards, which indicated app-based ticketing "should increase ridership and decrease administrative and personnel costs, especially consumer comfort with mobile payment grows. This pilot program is the first of its kind in the US and, if it is successful, will likely serve as a model for others to follow," predicting—quite accurately—that mobile commerce and mobile payments would see explosive growth in 2012 as the smartphone passed 50 percent market penetration. In fact, mobile technology had advanced so quickly that the MBTA launched another new payment technology before fully implementing its smart card fare system.

The Future of Transit Payment Systems: Mobile Payment Integration (2018 – present)
The aforementioned trend progresses: mobile technology continues to experience rapid growth and evolve quickly, spurred by early adoption from consumers. As mentioned above, smartphones including the Apple

[8] Transportation Research Board of the National Academies, "Implementation and Outcomes of Fare-Free Transit Systems: A Synthesis of Transit Practice." Washington, D.C. 2012.
[9] Quibrial, Nasreen, Sr. "The Contactless Wave: A Case Study in Transit Payments." Emerging Payments Industry Briefing, Federal Reserve Bank of Boston. 2008.
[10] Tode, Chantel. "MBTA simplifies daily commute via mobile ticketing." *RetailDive.* Published in 2012 and retrieved January 31, 2020.

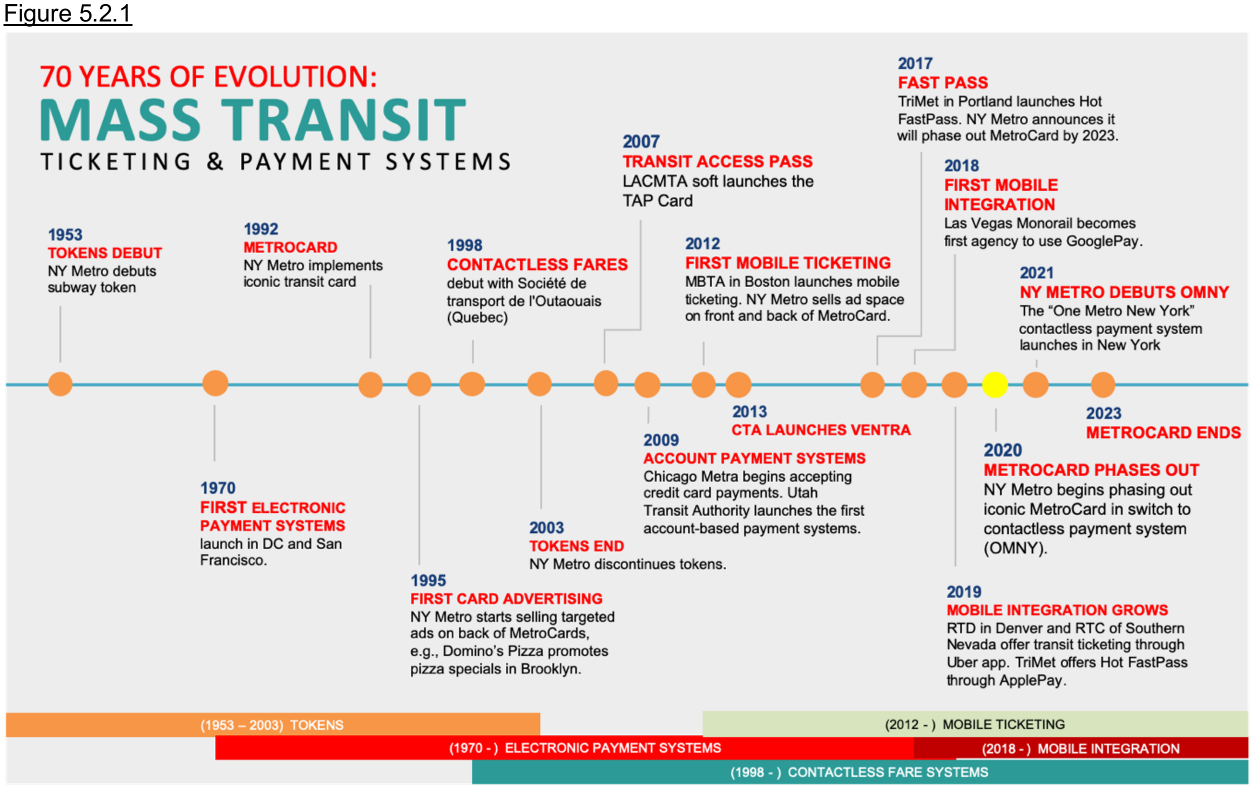
iPhone did not fully unlock their NFC capabilities until 2018, and then with little fanfare.[11] However, this upgrade had an immediate impact within the transit sector. In March 2018, the Las Vegas Monorail became the first transit agency to partner with GooglePay to offer a fully-integrated mobile payment system, albeit only through the Android platform, which unlocked NFC several years earlier.

The Monorail's system used Google Pay to allow riders to purchase tickets ahead of time, and any rider with an Android device that could run Google Pay and had an NFC chip on board was able to skip the line and tap their device to get through the turnstile. According to more than one industry source[12], Google stated that "more transit authorities will be joining the effort in the near future." This proved accurate. By the end of 2019, the Regional Transit District (RTD) in Denver, CO, the Regional Transportation Commission of Southern Nevada (RTCSNV) and TriMet offered riders the ability to purchase tickets through mobile apps ranging from ApplePay and Google Pay to those offered by Transportation Network Companies Uber and Lyft.

Most importantly, LACMTA's TAP Operations Department stated during interviews with the Superlative project team that it expects the TAP Card program to be fully integrated with mobile technology within 10 years, adopted by 60 percent of its end users, after abandoning other trending RFID technologies like wristbands explored by other agencies. Please see Section 4 above for more detailed information about the LACMTA TAP Card program.

Highlights from the preceding chronology of transit payment systems are illustrated in Figure 5.2.1 below.

Figure 5.2.1



[11] Roberti, Mark. "Apple Unshackles the iPhone NFC Reader." *RFID Journal.* September 17, 2018.
[12] Fuller, Daniel. "Las Vegas Monorail Now Accepts Google Pay With NXP's Help." *Android Headlines.* March 19, 2018.

Ad-supported Transit Pass Ticketing

Introduction

Rather than rehash the history of public transit advertising in general, which includes out-of-home static and digital media boards, vehicle transit cards, static vehicle wraps and other well-known forms of advertising exposure, the following section of this report will focus specifically on transit pass advertising, which is significantly less common yet responsive to the LACMTA's strategic objectives for initiating this study and helpful when benchmarking the revenue potential of a LACMTA TAP Card advertising, sponsorship or underwriting program.

Hand-Crafted Bus Passes: Milwaukee County Transit System (1919 – 2015)

In 2015, the Milwaukee County Transit System announced that it was ceasing production of its emblematic bus passes, which had showcased specially-created artwork from local artists since the inception of its weekly paper ticket—one of the first of its kind—in 1919, to make way for more modern ticketing technologies described above. Termed "utility art" by the MCTS printing director[13], the passes also featured public-service announcements, fundraising notices, scenes and quotes from civic history, promotional offers (i.e. free round-trip ride) and on occasion, advertising.

During the 1950s and 1960s, MCTS art designer Klaus Birkhain began to use the passes as advertisements for Milwaukee service and non-profit organizations, a practice that continued until the passes were phased out in 2015. Ad-based passes became more widespread in the 1970s, albeit this advertising was part of a system-wide publicity program and therefore unpaid.

Please see Figure 5.2.2 below; the pass on the left illustrates a MCTS bus pass from 1934, which includes an unpaid advertisement for the National Tuberculosis Association.

Figure 5.2.2

FareCard Advertising: Metro Vancouver & Let's Bus It (estimated 2008 - 2011)

Let's Bus It Publications Inc., a Victoria, B.C.-based out-of-home advertising agency, partnered with Metro Vancouver to sell advertising on its TransLink FareCards, an outdated non-NFC ticketing system. The program had proved successful with other North American Let's Bus It transit clients, including public transit agencies in Victoria and Nanaimo, B.C.; Brandon, Manitoba; and New Orleans, Louisiana in the U.S.

Each advertisement covered less than 50 percent of the front of the FareCard, without obscuring the number of zones, purchase price and month of issue/validity. The back of the card included purchase terms and conditions and a space for writing the Card owner's name in accordance with the requirements of the federal Transit Pass Tax Credit. Please see Figure 5.2.3 on the following page for an example of a Metro Vancouver FareCard advertisement, circa 2011.

[13] Capps, Kristen. "Farewell to Milwaukee's Classic, Hand-Crafted Bus Passes." *CityLab.* April 1, 2015.

Figure 5.2.3

According to a Metro Vancouver's "The Buzzer Blog" post from December 2010, which cites a press release that is no longer available, Let's Bus It guaranteed the system minimum annual revenues of $84,000 per year in exchange for selling advertising on the FareCard. Other terms for this agreement were unavailable. However, according to the same source, Metro Vancouver bus and SkyTrain advertising generated approximately $9 million in annual revenue, which indicates that TransLink FareCard advertising represented less than one percent of the system's total annual advertising revenue but offset expenses for other transit assets.

MetroCard: New York MTA (2012 – 2023)

General Overview

In July 2012, the New York MTA announced that it would begin offering advertising space on its MetroCard electronic payment system. Specifically, the entire physical MetroCard—with the exception of the magnetic stripe and the message below the stripe that instructs riders which direction they should swipe—was available to advertisers, with no restrictions on color nor requirement to include the MTA's logo. According to the *New York Times*, the agency had previously (and only occasionally) sold space on the back of MetroCards dating back to 1995, when cards promoting an Anita Baker album were first put into circulation. However, as with previous branded cards, riders were unable to select which card came out of the ticketing vending machine at purchase. The MTA publishes its MetroCard ad rates on its website; the following charts depicts the rate card for MetroCard advertising as it appeared on February 7, 2020:

Figure 5.2.4 MetroCard Ad Rates (Back of Card)

Standard 4-color Back Rates		
Card Quantity	Retail Rate Per Card	Example Retail Costs
50,000 +	$0.61	50,000 cards = $30,500
125,000 +	$0.52	125,000 cards= $65,000
250,000+	$0.46	250,000 cards = $115,000
350,000+	$0.41	350,000 cards = $143,500
500,000 +	$0.36	500,000 cards = $180,000
750,000+	$0.31	750,000 cards = $232,500
1,000,000+	$0.25	1,000,000 cards = $250,000

Figure 5.2.5 MetroCard Ad Rates (Back of Card)

4-Color Front & Back Rates		
Range of Quantity	Retail Rate Per Card	Example Retail Costs
250,000+	$0.54	250,000 cards = $135,000
350,000+	$0.52	350,000 cards = $182,000
500.000+	$0.48	500,000 cards = $240,000
750,000+	$0.42	750,000 cards = $315,000
1,000,000+	$0.36	1,000,000 cards = $360,000

Case Study: HBO's "Winter is Coming" Campaign (2018)

In December 2018, New York MTA announced that the popular HBO television series *Game of Thrones* was "taking over" the MTA with themed MetroCards promoting the final season of the program[14]. Exclusively distributed from Grand Central Station, MetroCards displaying the hashtag #ForTheThrone featured various beloved *GoT* characters like Jon Snow, Daenerys Targaryen and Cersei Lannister. The limited promotion also included 150 *GoT* promotional posters displayed in Grand Central Station. For the campaign, HBO **paid approximately $112,500 for a print run of 250,000 cards** ($0.45 per card). Figure 5.2.6 below provides an example of these themed cards.

Figure 5.2.6 *Game of Thrones*-Themed MetroCards (2018)

Case Study: Spotify's "David Bowery" Campaign (2018)

In April 2018, Spotify launched a David Bowie-theme branded MetroCard advertising campaign to coincide with a new David Bowie exhibit that was running at the Brooklyn Museum. The campaign included a **250,000-card print run of five different versions of the MetroCard that riders could purchase for $6.50** each at the MTA's Broadway-Lafayette and Bleeker Street stations in downtown Manhattan.[15] The former station, just a couple of blocks from where the artist once lived, was temporarily converted into a memorial to the late artist. Figures 5.2.7 through 5.2.10 on the following page illustrate how this campaign was executed.

[14] Allen, Jordan. "'Winter is coming' for NYC's Subway System." *The Points Guy*. Dec 7, 2018
[15] McGauley, Joe. "The NYC Subway Is Selling David Bowie-Themed MetroCards. Here's How to Get Them." *Thrillist.* April 18, 2018.

Figure 5.2.7 David Bowie-Themed MetroCards (2018)

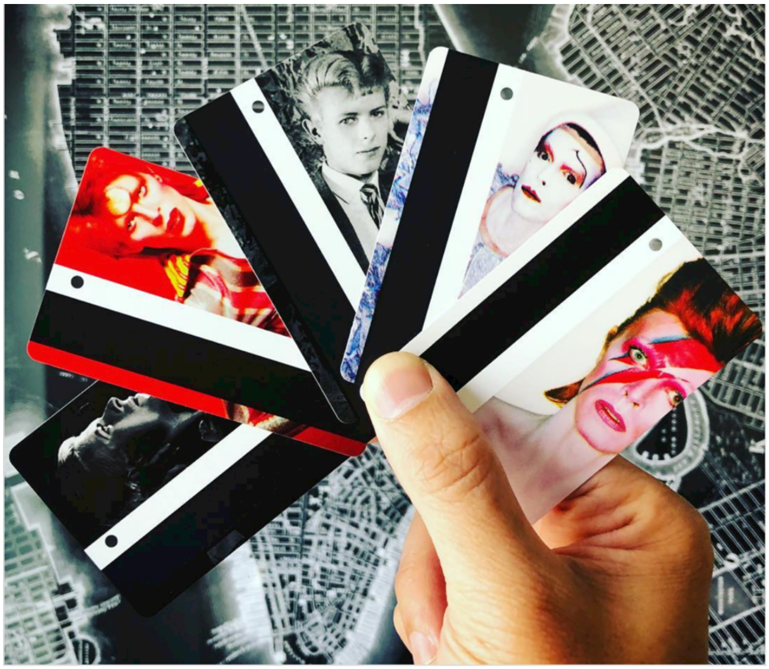


Figure 5.2.8 New York MTA Tweet Promoting the Campaign (2018)

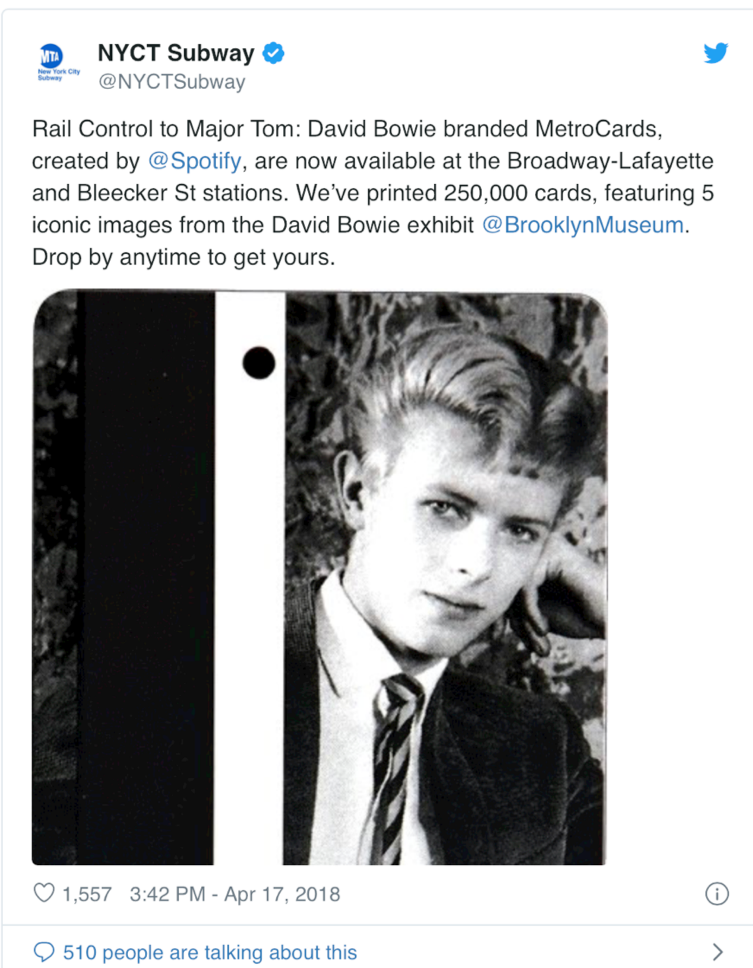


Figure 5.2.9 David Bowie-branded Broadway-Lafayette Station (2018)

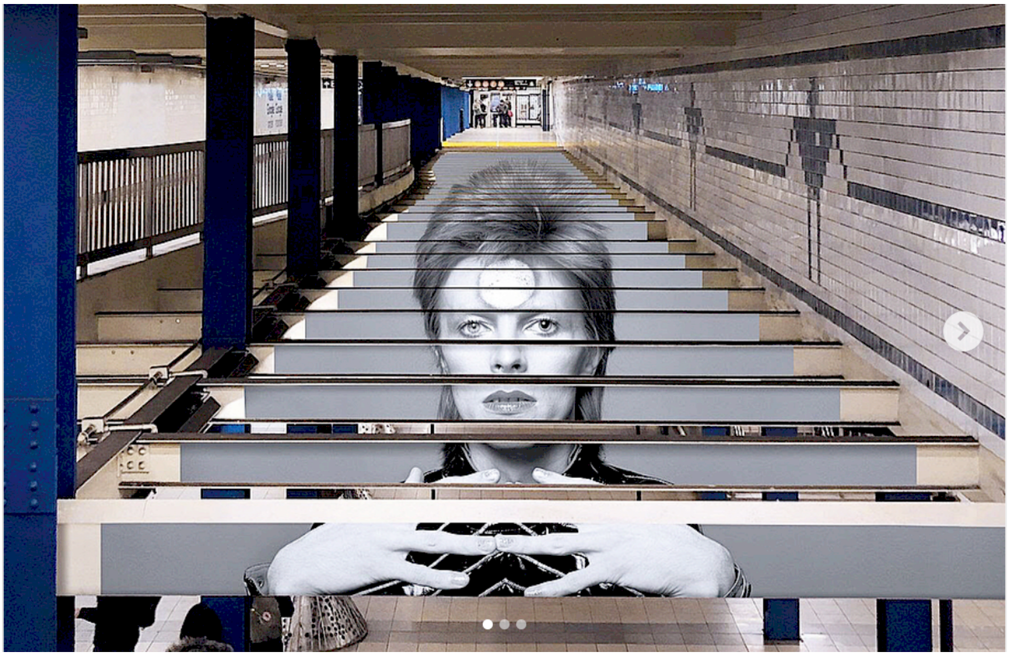
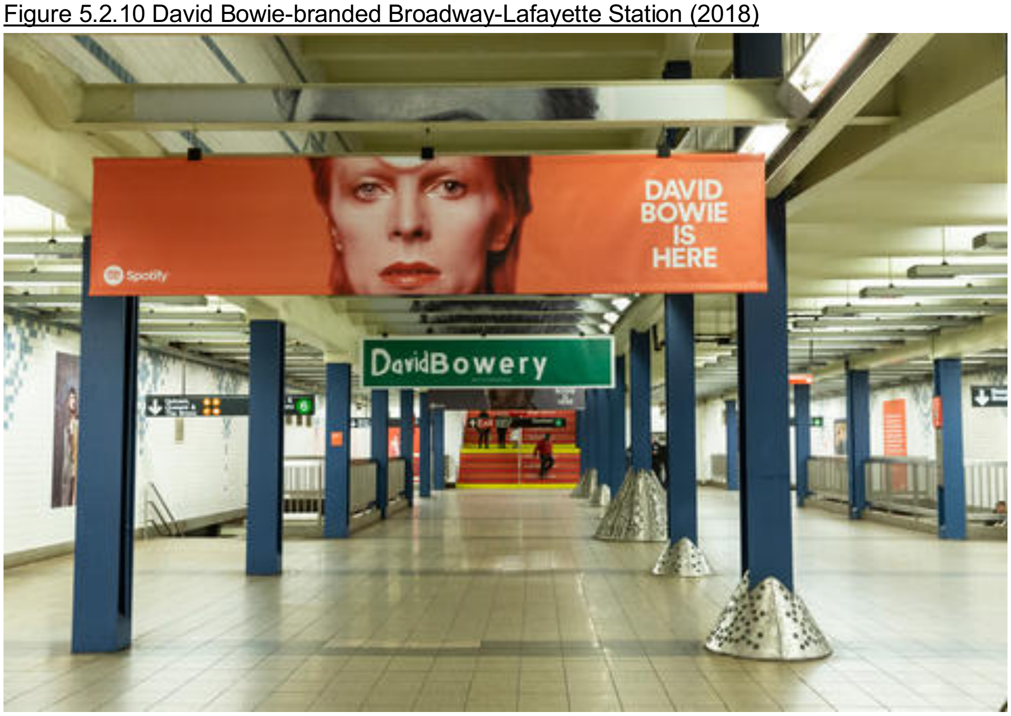


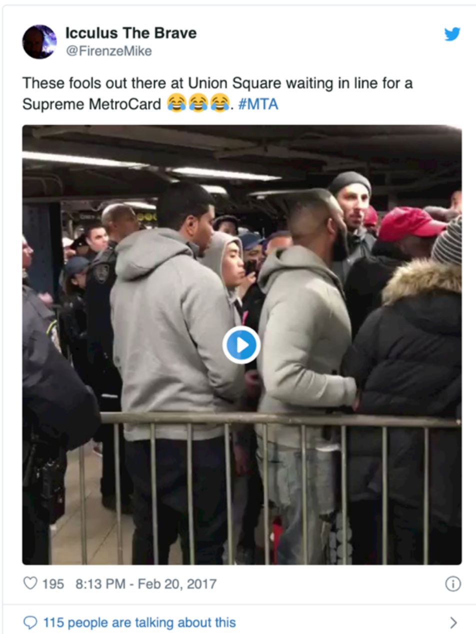
Figure 5.2.10 David Bowie-branded Broadway-Lafayette Station (2018)



Key Findings

By far, the New York MTA MetroCard advertising program has proven to be the most robust and successful transit pass advertising program in the country. However, despite the successes of—and revenue generated by—the above campaigns, it appears that the MTA sold only two or three of these campaigns per year, and that the median purchase was 250,000 cards with out-of-home activation for a low six-figure commitment; the only two campaigns to run in 2018 were the David Bowie (April) and *Game of Thrones* (December) promotions. Superlative opines this was to maintain the novelty of these programs and perhaps, to not cannibalize their own promotions by running too many concurrently. For example, the year before (2017), local retailer Supreme- and *Twin Peaks*-themed campaigns generated significant interest from fans who waited hours in line to purchase branded tickets, not to mention a substantial aftermarket where branded MetroCards were traded/sold online through auction sites like eBay for hundreds[16] to thousands[17] of dollars. See Figures 5.2.11 – 5.2.12 below.

<u>Figures 5.2.11 and 5.2.12 Rider Tweets Illustrating Response to Supreme-themed MetroCard Promotion</u>



Irrespective of their consumer-driven popularity, the advertising revenue produced by these campaigns on an annual basis was modest at best. According to a 2013 *AdAge* article[18], the first year of the MetroCard full advertising program generated only $684,000 in net revenue for the MTA. Assuming two to three advertising campaigns per year, this figure seems consistent with subsequent years. Interestingly, the possibility exists that the MTA generated greater farebox revenue through surcharges on branded cards; the premium paid by riders for Supreme- ($4.50) and David Bowie-branded ($5.50) MetroCards, both of which reportedly sold out, would have generated $1.125 million and $1.375 million, respectively, in additional fees alone for the MTA in 2017 and 2018. (Please note that this figure does not account for the entire economy of MetroCards, the aftermarket for which could have generated millions for private sellers.)

[16] Maurer, Daniel. "Don't Pay $100 For a Supreme MetroCard, You Can Get Them in the Subway Again." *Bedford + Bowery.* February 21, 2017.
[17] Tiffany, Kaitlin. "The MTA's Supreme-branded MetroCard is a hot commodity." *The Verge.* February 20, 2017.
[18] Hoffman, Melissa. "Why is My MetroCard Red?" *AdAge.* July 10, 2013.

Further, it is yet unclear whether the New York MTA's objectives through fare card adverting will remain consistent following the advent of the OMNY card, which is nearly identical to the LACMTA's TAP Card in implementation, function and execution; more specifically, the New York MTA may face challenges identical to those faced by LACMTA in monetizing the TAP Card through advertising, and appears to be making up for lost revenue through innovative kiosk advertising, explained in Section 7, or through other cost savings methods such as their mobile integration partnership with Apple Pay.

Key Findings and Best Practices

While the history of advertising on transit tickets or passes dates back more than 100 years to the start of the 20th century, **the practice has never been a significant source of revenue for public transit agencies.** Indeed, at the presumed height of print-based public transit ticketing in 2004—three years before the iPhone launched and eight years prior to the introduction of mobile ticketing—only 14 percent of all public transit agencies in the United States sold advertising on fare cards, and only seven percent offered advertising on transit tickets, according to a Transit Cooperative Research Program report from that year.[19] These ratios surely have decreased following the introduction of new payment systems.

The **New York MTA MetroCard advertising program has been the most lucrative** of these initiatives yet accounts for an estimated less than one percent of its total advertising revenue (reported as $129.7 million in 2016 by the Federal Transit Administration, the most recent data available). Using plain language, the most successful transit ticket advertising program of all time is still relatively insignificant, both engaging for consumers but extremely modest in revenue generation and belongs to the oldest and largest transit system in the country, which is currently operating at a billion-dollar-per-year budget deficit. Now even that program appears to be phasing out in favor of new and improved ticketing technology.

Best Practices

Below are the lessons learned through trial and error in other markets for LACMTA to consider when planning a revenue-generating campaign around TAP Card assets.

- **Keep the campaign short and fun, or long-term and meaningful, depending on the objective.** In order to maximize revenue, these are key point to keep in mind. Based on Superlative's research, long-term partnerships like PECO Energy's support of LinkPHL or UC San Diego Health's investment in San Diego MTS offer an expansive, highly-valuable messaging platform and demonstrate a partner's commitment to the local community, the end goals being a deeper and more meaningful connection to the public they, and their respective transit agencies, serve. These are long-lead, ongoing communications that create ubiquity (in terms of awareness) in the market; they are also can't-buy public relations opportunities.

  By comparison, New York MTA's David Bowie, Paul Simon, *Game of Thrones,* Supreme and even Brooklyn pizza MetroCard campaigns were designed to be quick-and-dirty, buzz-generating promotions for limited-edition products (an album release, a pizza special, an art exhibit, etc.) promoted within a particular segment of rail service (e.g., a couple of stations) frequented by the campaign's target audience—which ranged from critical mass of New Yorkers (*Game of Thrones*) to art/music enthusiasts ("David Bowery"). They were successful because they made a quick splash and ended, which serendipitously created a thriving aftermarket for the cards.

  This is not to say that long-term campaigns cannot be "fun", but fun over long periods of time is unsustainable; eventually, enthusiasm cools, as does the revenue potential. New York MTA understood this, which is why its campaigns were brief and infrequent to generate excitement. Superlative opines that a combination of each strategy, pop-up activations that intermittently energize a long-running campaign, are the best path to success.

- **Physical transit passes will soon be obsolete, if they are not already.** This is both good and bad for transit agencies. With regard to overall farebox expense, most forward-thinking, larger

[19] Schaller, Bruce. "Transit Advertising Sales Agreements: A Synthesis of Transit Practice." Transportation Research Board. Washington, D.C. 2004.

organizations are converting to a mobile payment integration system through software like Apple Pay or through partnerships with Mastercard, where the partner bears the cost to produce products that can also be used for transit fares (e.g., credit cards). In either scenario, the agency lowers program cost by outsourcing fare collection without the farebox expense of manufacturing physical passes. The drawback in each case is that the program is unable to be subsidized through advertising revenue; for example, Apply Pay's privacy policy does not allow commercial messaging on its payment platform, and a lack of physical cards or passes, like the TAP Card, makes it difficult to justify an ad buy, unless the recognition can be translated to mobile; even then, recent advances in mobile technology are rendering the device itself as a payment solution without the need for an app-supported transit pass system, only app-based payment solutions. The value to the agency is in cost savings, which Superlative advocates can be as valuable as new revenues through advertising or sponsorship fees, and facility of use for riders.

In addition to monetization of its TAP Card program through sponsorship, Superlative recommends that LACMTA pursue third-party partnerships for an app-based payment solution that could reduce agency overhead expenses such as physical TAP Card bulk purchasing, printing and distribution. In this scenario, sponsorship revenue could continue to be generated for the program by shifting sponsor exposure away from physical cards, which would be discontinued, to mobile- or web-based sponsor recognition—in other words, changing the type of exposure but hypothetically maintaining a similar level of impressions through alternative means. **(Recommendation 7)**

Benchmarks

As discussed previously, the New York MTA MetroCard advertising program is the most successful transit pass advertising program in the country, although the project team was also able to identify incomplete advertising information for outdated and/or unsold opportunities for other agencies. However, it appears that the MTA sold only two or three of these campaigns per year, and that the median purchase was 250,000 cards with out-of-home activation for a low six-figure commitment. Superlative opines this was to maintain the novelty of these programs and to not cannibalize their own promotions by running too many concurrently. The advertising revenue produced by these campaigns on an annual basis was modest at best: The first year of the MetroCard full advertising program generated only $684,000 in net revenue for the MTA. Assuming two to three advertising campaigns per year, this figure seems consistent with subsequent years. More likely, the MTA generated greater farebox revenue through surcharges on branded cards. Figure 5.2.13 lists verified amounts and/or CPMs paid by advertisers for branding on fare cards.

Figure 5.2.13

Agency/Entity	DMA	Asset	Station	Partner(s)	Year	# Produced	Total Annual Revenue (MAG)	Cost per card	Notes
New York MTA	NY	MetroCard (Front and Back)	Grand Central Station	HBO ("Game of Thrones")	2018	250,000	$ 112,500	$0.45	Distributed exclusively from Grand Central Station; included 150 subway posters and four different versions
New York MTA	NY	MetroCard (Front)	Broadway-Lafayette	Spotify (David Bowie)	2018	250,000	$ 112,500	$0.45	Distributed exclusively from Broadway-Lafayette Station; included temporary Naming Rights, banners and five different versions
New York MTA	NY	MetroCard	System-wide	Gap, Audible.com, Simple Mobile	2013	Est. 307,800	$ 684,000	$0.45	Total revenue from first year of MetroCard advertising (2012)
River City Public Transit	SD	Fare Card	System-wide	N/A	2020	N/A	N/A	$3.00	No information available on whether this opportunity has ever been sold
Metro Vancouver	BC, Can.	TransLink Fare Cards	System-wide	N/A	2011	N/A	$84,000	N/A	

5.3 TAP Card Asset Valuation and Revenue Projections

This section provides an overview of Superlative's Asset Database for LACMTA's TAP Card program, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories. For the purposes of this assessment, these opportunities include physical signage as well as TVM digital integration and other assets, although benchmarks and recommendations for Tap Card vending machines can be found below in Section 7. **(Recommendation 2)**

As discussed in Sections 3 and 4, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all TAP Card identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

Option A: TAP Card Primary Sponsor (Recommendations 1 & 2)

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the TAP Card program. The benefits package for this opportunity will be agreed upon between LACMTA and the target entity. This valuation represents the opportunity for a corporate partner to include its name in association with or incorporated into the TAP Card mark, i.e. “TAP Card, Presented by <Company>”, “TAP Card sponsored by <Company>” or potentially the “<Company> TAP Card”, depending on which option is most feasible, subject to discussion between LACMTA, the OIG and the TAP Operations Department. Changes to this assumption could have significant effect on the valuation.

Table 5.3.1 Partner Package Overview

Asset	TAP Card
Asset Description	TAP Card Primary Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: Sponsor Signage Exposure • Sponsor ID on TAP Cards; • Static Sponsor ID on Ticket Vending Machines; • Sponsor ID on Ticket Vending Machines Digital Screen Display; • Sponsor ID on TAP Card Readers (station and bus); Digital Exposure • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media[20].
Term of Sponsorship	Due to the number of exposure opportunities and the degree of brand integration available to the partner, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the asset name as it becomes part of the lexicon of the community and to visitors. The Primary Sponsorship agreement will include an escalator within a reasonable range of CPI.

[20] For now, the TAP Card program does not feature a mobile application, although plans exist to offer and then transition the program to mobile within the next five to 10 years. The TAP Operations Department has predicted that once completed, over 60 percent of TAP users will use the mobile application in lieu of physical cards. Currently, the TAP mobile website is accessible through the GoMetro app; these impressions were factored into recognition on metro.net. Further outcomes can be made available once additional information regarding the mobile app is available.

Option A: TAP Card Primary Sponsor Package

The following table provides an overview of the proposed Quantitative Benefits which would be included in a sponsorship program for the TAP Card program:

Table 5.3.2 TAP Card Primary Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on TAP Cards	1,000,000	$360,000
Sponsor ID on Ticket Vending Machines	111,978,100	$202,680
Sponsor ID on TVM Screen Digital Display; recommended two (2) seconds max. per transaction	201,560,580	$961,994
Sponsor ID on TAP Card Readers; located in Light Rail stations and onboard busses	165,417,465	$299,406
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on www.metro.net; throughout the site	3,575,000	$12,870
Sponsor ID on Metro Social Media; once per month	3,349,176	$21,472
TOTAL	**486,880,321**	**$1,858,422**

Valuation Assumptions

Sponsor Signage Exposure

i. According to the TAP Operations Department, LACMTA produces a minimum of one million TAP Cards each year. Valuation assumes that the Primary Sponsor will receive branding recognition on the front and back of physical TAP Cards. Because these assets are valued (and historically sold) based on the number of cards produced, and not a cost-per-thousand basis, the Sponsor package values this benefit based on the average industry rate for the number of branded cards produced.

ii. Sponsor ID will be included on ticket vending machines that sell TAP Cards, identified above in Section 4, located throughout the LACMTA system. This includes recognition on equipment and/or static identity signage or banner location near or above the machines, depending on their location.

iii. Sponsor ID will be included on ticket vending machine digital screen displays. Based on the takeaways described in Section 7.2, Superlative recommends a maximum, two-second partner advertisement prior to each transaction **(Recommendation 3)**. The valuation assumes a conservative amount of LACMTA's entire annual ridership will use a TVM at least once per year.

iv. Sponsor ID will be included on all TAP Card readers used to scan passenger TAP Cards in order to ride the LACMTA system. This includes static readers located within Light Rail stations and on Bus Line vehicles.

Exposure on Digital Media

v. Valuation assumes that Sponsor will receive recognition on the current LACMTA website anywhere and everywhere the TAP Cards are mentioned. To account for impressions generated through mobile and desktop IPs, Superlative employs a blended CPM comprised on industry averages for iOS and Android OS in addition to web recognition.

vi. Sponsor will receive recognition in LACMTA social media posts and assumes a frequency of one post per month. According to information provided by LACMTA, the agency's social media sites have a total of more than 279,000 followers.

Sponsorship Revenue Potential

The Superlative Group proposes a value range of $1.5 million to $2.0 million per annum for Primary Sponsorship of the TAP Card program. The Superlative Group recommends LACMTA open negotiations with target entities at the top of this value range, over a proposed term of 10 years. **(Recommendation 1)** Assuming inclusion of a CPI escalator of 2.6%, this opportunity could generate between $16.9 million and $22.5 million over the life of the term. **(Recommendation 6)**

Justification

During the project team's visit with the TAP Operations Department, Superlative was made aware of several sensitivities surrounding corporate branding on TAP assets, particularly on the cards themselves; in aggregate, the concerns related to unsold cards with advertising remaining in ticket vending machines long after the campaign had ended, consumer sentiment regarding corporate logos on public assets and revenue shared between other regional TAP agencies. A Primary Sponsorship addresses all of these concerns:

- First, a sponsorship agreement is a long-term investment, designed to create ubiquity in the marketplace through repeated association with the sponsored asset and integration into the asset branding. There are numerous examples that illustrate how branding can be creative and tasteful when properly executed; further, all TAP Cards would bear the same co-branding, which should mitigate any concerns about leftover cards in machines. Effectively, the co-brand becomes the brand.

- Second, Superlative has presented numerous scenarios in this report illustrating positive receptivity to sponsored public assets, from Naming Rights sold to public transit lines to advertising on New York MTA MetroCards, and in Section 13 below we provide a Sample Term Sheet that includes verbiage designed to protect LACMTA from negative association with brands that do not adhere to the standards set by the agency. More importantly, branded transit passes have a track record of completely selling out, albeit when offered through limited time offers, due to their popularity and enthusiastic consumer response.

  The most significant challenge to implementation of a Primary Sponsorship, as proposed above, will be to ensure that sponsor exposure does not distract from the intended use of the assets (e.g., the sponsor messaging on kiosks is so long that riders run risk of missing their train) nor take away from the prestige of the LACMTA brand or damage its reputation.

- Lastly, because the TAP Operations Department would print one set of sponsored TAP Cards each year for use in its own equipment and for sale within its owned facilities, any issues with sharing revenue should be eliminated, subject to discussion and implementation with the TAP Operations Department. Long-term, physical TAP cards will phase out, creating opportunities for greater digital, social and potentially mobile integration as part of the long-term sponsorship.

Option B: TAP Card Advertising Program

While the bulk of this analysis is dedicated to sponsorship of the TAP Card program, as discussed with LACMTA OIG during Superlative's visits to the site, the original intent of this study merits inclusion of the potential revenue to be generated through advertising on TAP Cards, if the significant obstacles to its implementation (listed below in "Challenges to Implementation") are able to be overcome.

Based on the most successful model (New York MTA)'s transit pass advertising program structure described in Section 5.2 above, LACMTA's TAP Card advertising program should include a combination of card recognition and signage exposure. Because Intersection, LACMTA's Out-of-Home (see "Definitions" in Appendix A) advertising agent, maintains the right to all OOH advertising on LACMTA vehicles and in/around LA Metro facilities, signage exposure (which is different from sponsorship recognition) would most likely include partner avails on TVM digital media screens—and in order to maintain the novelty of the program, a limited number of campaigns per year. Any additional sponsorship benefits should be removed.

The following table provides an overview of the proposed benefits and values which would be included in an advertising agreement for the TAP Card.

Table 5.3.3 Sample Advertising Package Overview

Asset	TAP Card
Asset Description	TAP Card Advertising Package (4 weeks)
Sponsorship Opportunity	Subject to LACMTA approval, an Advertising Agreement would include the following benefits: Signage Exposure • ID on 250,000 TAP Cards; • :02 Ad on Ticket Vending Machines Digital Screen Display; Digital Exposure • Sponsor Ad on metro.net; one month
Term of Sponsorship	Due to the limited number of exposure opportunities and the degree of brand integration available to the partner, the proposed term of the opportunity will be four weeks with multiple campaigns at select periods throughout the year

Option B Value Range: TAP Card Advertiser Package

The following table provides an overview of the proposed benefits which would be included in a sponsorship program for the TAP Card program:

Table 5.3.4 TAP Card Advertiser Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
ID on TAP Cards	250,000	$90,000
Sponsor ID on TVM Screen Digital Display; one month; recommended two (2) seconds max. per transaction	4,895,409	$23,364
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor Ad on www.metro.net; TAP Card page; one month	297,917	$1,073
TOTAL	**5,443,325**	**$114,437**

Revenue Potential

The Superlative Group estimates a four-week advertising campaign could generate $100,000 to $125,000 for LACMTA. Assuming an estimated four to six campaigns maximum per year, this opportunity could generate between $400,000 and $750,000 per annum, or maximum revenues of $7.5 million over a period of 10 years.

Challenges to Implementation

As mentioned previously, a TAP Card advertising program would struggle to address all of LACMTA's expressed concerns, namely revenue sharing, consumer sentiment and stock management.

- Because advertising arrangements are short-term in nature, it is more than likely that cards from old campaigns would still be in circulation, but LACMTA would only be able to capture that revenue stream once.

- There is potential for mass consumption through limited time offers, but the most successful models are related to obsolete programs and assets at other agencies and featured a substantial surcharge. With the conversion from print to mobile transit pass technology transpiring industry-wide, Superlative was unable to find a current benchmark that shows physical passes are still a viable advertising medium.

- Also, if there is concern about over-branding, an advertising campaign is not the recommended option, as the best means for revenue generation would be to launch multiple campaigns per year with different partners.

- The cards could be offered solely in LACMTA TVMs, but considering the degree of intra-agency communication and negotiation potentially required, the limited revenue potential, complicated logistics and risk of negative public perception would make that effort difficult to justify.

For these reasons, a Primary Sponsorship of the TAP Card program, presented previously, is a cleaner and more valuable approach to monetization. **(Recommendation 1)**

5.4 Recommendation 1

With the evolution of transit ticketing technology currently underway on an industry-wide scale, Superlative was unable to find a current industry benchmark, discussed in detail below, that demonstrates advertising on physical passes is still a viable means of generating substantial revenue from corporate partners. Further, if there is concern about public perception of over-branding or corporatizing LACMTA assets, then an advertising program is not the ideal solution; one of Superlative's best practices for transit pass advertising revenue generation shows that in order to achieve success, LACMTA would need to launch multiple campaigns per year with various partners. The limited revenue potential, complicated logistics and risk of negative public perception justify our conclusion that Primary Sponsorship of the TAP Card program is a cleaner and more valuable approach to monetization of the asset.

6 TAP Card Personalization (Task 4)

6.1 Overview

According to taptogo.net, the main website for TAP Regional Services, TAP Cards can currently be personalized for an additional fee. According to the Cardholder Agreement, Section 2.2, posted on the site (circa May 2020), personalized cards that identify the Cardholder [are] assigned to the card by name and/or photo on the front face of the card. Personalized cards are subject to the card acquisition fee and any other fees that may apply to the particular program to which the Cardholder belongs. These include cards issued to participants of Service Provider-sponsored fare programs including employer-sponsored programs, institutional programs (e.g., educational institutions) and other fare programs not generally available to the public. Figure 6.1.1 below shows an example of this type of personalization.

Figure 6.1.1 Personalized TAP Card

6.2 Key Findings

Personalized TAP Cards are already offered through Service Provider-sponsored (third party) programs for an additional fee. However, these programs are not offered to the general public, and sponsored program fees are recognized by third parties, to the best of Superlative's knowledge. Further, without access to partners' specific financial information, the project team is unable to determine the total amount of revenue generated to any third parties, nor the associated fees. Future outcomes may be available upon additional discussion with the LACMTA TAP Operations Department.

6.3 Recommendations and Revenue Potential

The possibility exists that LACMTA's TAP Card program could offer fee-supported personalization as an option to the general public in order to create an incremental source of revenue; however, considering the slow adoption of TAP wearables at a price point of $10, there may be a limit to how much consumers are willing to pay for a personalized or custom pass, in the face of emerging mobile-based payment technologies that allow them to ride LA Metro for no additional cost with increased ease-of-use.

In Section 5.2, Superlative notes that New York MTA branded MetroCards, such as those for the "David Bowery" campaign, were priced up to $6.50 per card, an increase of $4.50 over the standard fee. These and other, similar ad-supported branded cards sold out. Based on these and other benchmarks, Superlative recommends that the ceiling for any premium paid for transit passes, wearable or otherwise, is between $4.50 and $8 per purchase, assuming future consumers will have an appetite for personalized cards in lieu of using a credit card or mobile device as their transit pass (which is unlikely). **(Recommendation 4)**

7 TAP Vending Machine Advertising (Task 6)

7.1 Introduction

As the transit pass advertising trend wanes across the United States in response to an evolving marketplace, public transit agencies are beginning to implement advertising programs that monetize the captive audience offered by fare kiosks. As noted above, this practice is becoming increasingly more common as the transportation sector continues to look for new ways to supplement farebox revenues. In a few (and somewhat unsuccessful) cases, this entails avails on kiosk digital screens; in greater scope, agencies are installing multi-function kiosks that offer arrival times and other public messages, free wireless service access, phone charging and other amenities in addition to digital ad displays—and in at least one instance, the network is sponsored by a singular partner through a multi-year commitment. The following sections provide case studies that illustrate both monetization strategies for ticket vending machines.

7.2 Case Studies

SEPTA and "Pre-Roll" Ticket Vending Machine Advertisements

In 2019, the Southeastern Pennsylvania Transit Authority (SEPTA) experimented with running a short digital advertisement on fare kiosk displays before commuters were able to purchase transit passes. The static-full-screen ads were part of a pilot program offered by its media partner, Intersection[21], on 20 of the agency's 300 touch-screen kiosks in Philadelphia's subway system and appeared at the start of transactions to purchase or reload transit passes. Each ad lasted for up to six seconds, lingered for a couple seconds after click-through and rotated with each transaction. Advertisers included Verizon and Children's Hospital of Philadelphia[22], and the additional exposure was offered to the partner for free as part of their existing out-of-home contracts[23]. Examples of advertisements can be seen in Figures 7.2.1 and 7.2.2 below.

Figure 7.2.1 Example of Children's Hospital of Philadelphia Static Kiosk Advertisement

[21] Which is also one of LACMTA's out-of-home media partners.
[22] Palus, Shannon. "Oh Good, a Subway System Is Making Riders Stare at Ads Before They Can Buy Tickets." *Slate*. May 7, 2019.
[23] Murrell, David. "Rushing to Top Up Your SEPTA Key? You'll Have to Watch This Ad First." *Phillymag.com*. May 6, 2019.

Figure 7.2.2 Examples of Verizon Static Kiosk Advertisement

Challenges with the Program
SEPTA's kiosk advertising pilot program proved problematic for several reasons:

- **The ads were too long.** At six seconds plus an additional two seconds before the next, desired screen appeared, at least one commuter missed her train because of the advertisements (or claimed to) and posted her objections on Twitter. At the time, a SEPTA spokesperson noted that the length of the ads was a chief complaint, and added that if the program was fully implemented, the ads would last only one to two seconds each, much less than the pilot program.

- **The technology didn't work.** One video posted by an online source shows a Verizon ad fading to a blue screen instead of the SEPTA landing screen.

- **SEPTA considered removing ad-bearing kiosks from high-traffic locations.** This included the downtown Walnut-Locust station, which was part of the Intersection pilot program along the Broad Street and Market Frankford Lines and the source of several complaints.

- **The program generated no new revenues.** According to the *Phillymag.com* article cited above, "[so] far, SEPTA hasn't made a dime off its new invention. That's because the ads you see at the kiosks haven't actually been paid for. SEPTA is simply splicing the campaigns from preexisting advertisers onto the kiosks — that way if there's a problem with one of them, SEPTA can take it down immediately, without any obligation to a client."

Intersection's Link Network

Introduction
In 2014, the City of Philadelphia, PA, signed a 20-year concessionaire agreement with Titan Outdoor LLC (now Intersection) that would provide $12 million in new transportation infrastructure for the city, including 600 SEPTA bus shelters installed and maintained by the company, and generate projected $100 million in advertising revenue over the term of the agreement. As part of this initiative, Intersection installed 100 "LinkPHL" kiosks (see "Definitions" in Appendix A) in Center City, University City and other Philadelphia neighborhoods between 2017 and 2019, deploying a proprietary technology that had been pioneered by the company in New York City in 2016 (LinkNYC). During the same period, Link kiosks were also installed through concessionaire agreements in Newark, New Jersey (LinkNWK) and the United Kingdom (InLinkUK, Intersection's international sister project), with plans for future rollout in other major municipalities in the United States and internationally.

Specifications

Intersection's Link kiosks measure 9.5 feet in height and feature 27" x 55" 1080p LED display panels on each face, in addition to two (2) USB ports and a 911 button (999 in the UK). The kiosks offer free WiFi connectivity and allow users to charge their devices, make calls from the kiosk and download music or movies for free. The panels support static and dynamic advertising content in rotating 10-second avails. Through partnership with local transit agencies, the digital panels can also be programmed to provide real-time transit information (e.g., bus arrival times), in addition to weather updates, voter registration, healthcare enrollment and other public services and messaging. According to a City of Philadelphia official cited by *The Philadelphia Inquirer*, each kiosk costs "tens of thousands" of dollars each. Please refer to the following renderings and images of these kiosks in Figures 7.2.3 to 7.2.5 on the following pages.

Figure 7.2.3 Rendering from InLinkUK Kiosk Spec Sheet

Figure 7.2.4 LinkPHL Kiosk in Philadelphia, PA

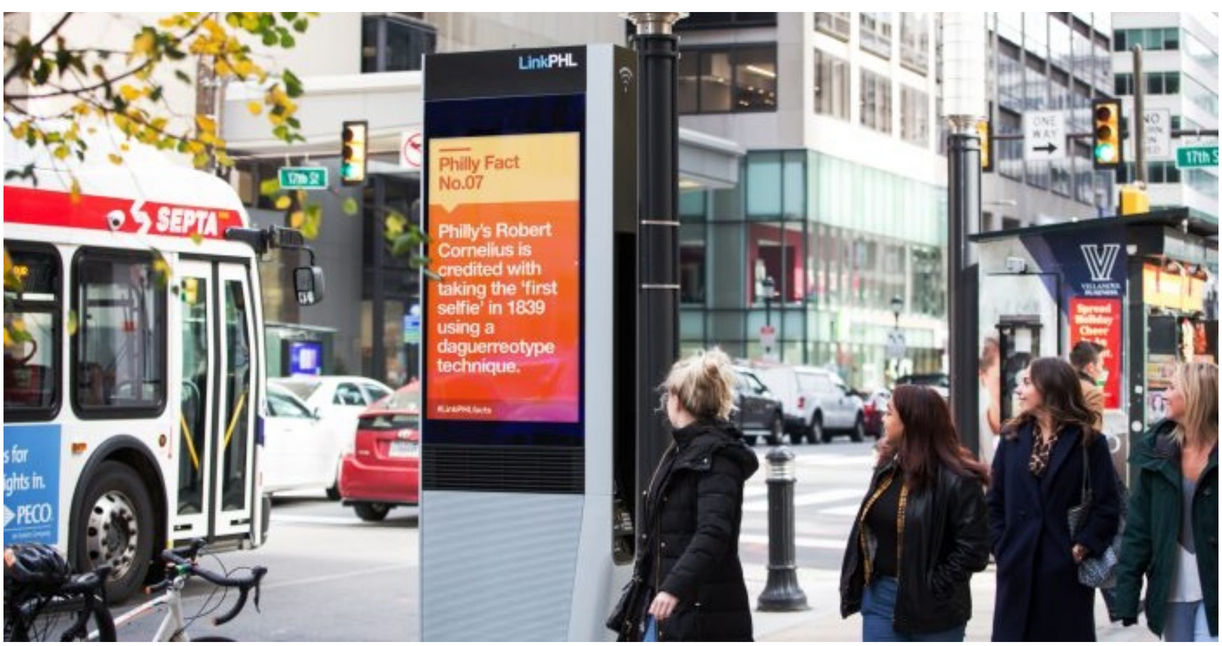
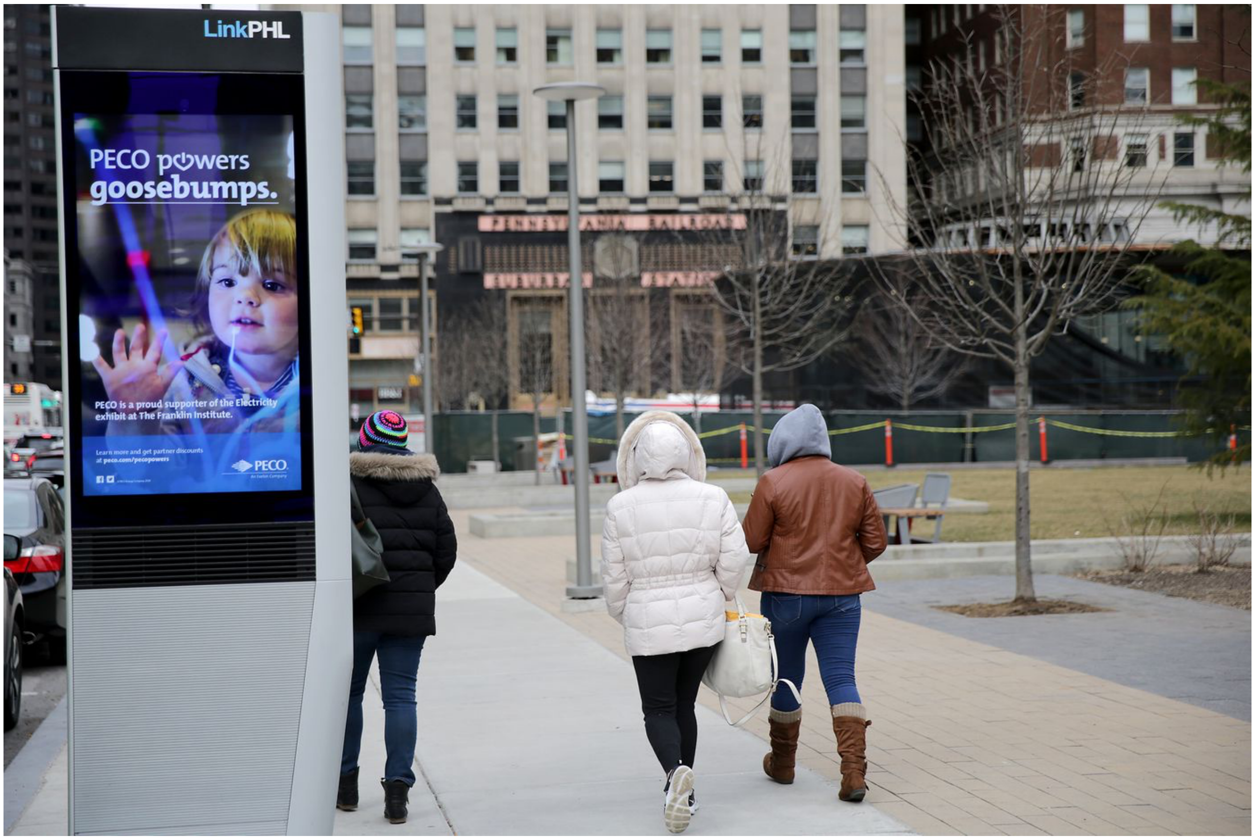


Figure 7.2.5 LinkPHL Kiosk in Philadelphia, PA Displaying PECO Sponsor Ad



Advertising and Sponsorship Revenue

According to a 2017 *Philadelphia Magazine* article, the City of Philadelphia shares 50 percent of the advertising revenue with Intersection after capital expenses (production, installation and maintenance), with a $450,000 minimum annual guarantee.

Per *The Philadelphia Inquirer* and other local news sources, the LinkPHL network is sponsored by PECO, Pennsylvania's largest electric and natural gas utility and subsidiary of ComEd, although Superlative was unable to locate any formal agreement that would verify this arrangement. In exchange, PECO receives prime advertising inventory across the kiosk network, with Philadelphia Museum of Art and other advertisers receiving substantial, but secondary, inventory. These arrangements are projected to generate $18 million over a 15-year contract period, or an estimated $1.2 million per annum.

In New York, which to date has installed more than 1,300 LinkNYC kiosks, the kiosks generated $37.3 million in advertising revenue within one year of installation through partners like Verizon.

Rates, CPMs and Other Metrics

According to the *Inquirer*, Intersection's rate card for LinkPHL advertising is $25 per 1,000 views, or $25 CPM, determined by a third-party service, Geopath, through variables like foot traffic and census data to estimate the number of views per kiosk. According to Global, the third-party out-of-home advertising for InLinkUK in London, LinkNYC kiosks received over one million users in the first 12 months and 82 million WiFi sessions.

In greater context, Intersection's website calculates a total of 2,200-plus Link kiosks in New York, Philadelphia and across the UK, which are used by 11 million consumers every week and generate 645 million weekly impressions with consumers aged 18 or older.

Public Reception
Compared to the initial reception for Intersection's SEPTA Ticket Vending Machine advertising campaign, public response to Links has been more positive, albeit not without concerns. The following list aggregates feedback obtained from internal surveys conducted by Intersection and its affiliates and public sentiment noted by periodicals within Link markets (New York, Newark, Philadelphia).

Positive:

- 90 percent of New Yorkers believe that LinkNYC is a positive initiative for New York City. *(Source: Global.)*
- 89 percent of New Yorkers believe that LinkNYC will provide services that are beneficial to the community. *(Ibid.)*
- Allowed Newark to "flex its muscles" as a leading city for new technological innovations and provided an opportunity for residents to be involved in the movement. *(Source: SmartCitiesDive.)*

Negative:

- Some initial concerns that the kiosks would be "eyesores" that will "damage the city's historic brand" and fears that Links would distract bikers and drivers. These seemed to represent unfounded pushback and subsequently received limited attention. *(Source:* Philadelphia *Magazine.)*
- Major, deeper concerns surrounding privacy and surveillance. "[A] few concerned citizens and hackers, as well as the New York Civil Liberties Union and a *Village Voice* reporter, raised alarms about the fact that Google"—which owns Intersection investor Sidewalk Labs—"was now tied to a vast network of data-collecting hubs in NYC." Intersection's privacy policy states that the company will not keep any footage captured by any camera for longer than seven days unless that footage is necessary to investigate an incident, in which case the company could turn that footage over to law enforcement. *(Ibid.)*
- NYC officials received several complaints that people were using Links to blast music and watch pornography in the middle of Times Square. Intersection no longer allows LinkNYC users to freely browse the internet and has removed the feature from LinkPHL kiosks.

7.3 Other Creative Transit Advertising

Introduction
As explained in Section 3 above, marketing exposure within a transit context can be as, if not more, valuable than traditional platforms like professional sports or the entertainment industry because of the potential for millions of impressions from riders and the local community. This realization has led Superlative to secure numerous, lucrative Naming Rights and sponsorships in the transit sector for its clients in recent years. However, transit marketing opportunities, with the exception of station takeovers, are not inherently "fun" (in the subjective sense) for consumers; but as demonstrated by New York MTA's limited-run branded transit passes—and as the project team discovered, Berliner Verkehrsbetrieben (BVG)'s partnership with Adidas (below)—they can be.

Berliner Verkehrsbetrieben (BVG) & Adidas
In 2018, athletic footwear brand Adidas produced 500 pairs of limited-edition EQT Support 93/Berlin sneakers, a hip-looking sneaker that also functioned as a year-long transit pass, to promote BVG and Adidas' collective objectives for environmental sustainability. According to Gem, an international communications and marketing agency, BVG stated that the project was intended to encourage the people of Berlin, especially young people, to take more steps in improving their city's air quality and living conditions by using public transportation.

Adidas' EQT Support 93/Berlins were regular sneakers with a BVG transit pass sewn onto the tongue in place of the label. BVG turnstiles scanned the "sneaker pass" like any other. However, in order for the pass to function and to prevent fare theft, riders had to wear both shoes. Per the same source, consumers lined up by the hundreds when they were released for purchase. Please see Figure 7.3.1 on the following page.

Figure 7.3.1 Adidas EQT Support 93/Berlins (2018)

7.4 Key Findings and Best Practices

Overview

In terms of new advertising media, **kiosk advertising has shown to be more sustainable and lucrative for public transit agencies than fare card advertisements** and appears to be in the process of breaking global. That said, not every experiment by out-of-home advertisers like Intersection has been successful. Freestanding kiosks have proved to be the most successful of these initiatives, but these are designed as a 55-inch media panel that also offers transit messaging, public services and free WiFi connectivity rather than a transit-specific asset that also has a media screen. Further, given their introduction into the global market by out-of-home media partners, it stands to reason that advertising revenue be their focus; this does not mean that the media screens on ticket vending machines, which carry the potential for brief commercial messages, are not a viable solution or advertising asset for transit agencies like LACMTA, especially as a communication vehicle for a larger partnership.

Best Practices

Below are the lessons learned through trial and error in other markets for LACMTA to consider when planning a revenue-generating campaign around TAP Card assets.

- **Keep adverts brief, especially in high-traffic areas and/or with a captive audience.** 10-second avails or ad rotations on what are essentially standalone, 55-inch digital ad boards in open spaces is feasible because the larger surface area and screen size allows for multiple messages within a single frame; in other words, bus arrival times and, e.g., PECO Energy partner content can coexist without obstructing the public message or preventing use of the asset, in this example Intersection's Link kiosk features like emergency calling, weather updates and WiFi access.

  However, ticket vending machines are a different medium altogether, one whose digital screens could be potentially more valuable to a transit agency than standard out-of-home advertising if properly programmed for advertising or sponsorship, and then monetizable as a communication vehicle for a larger partnership rather than sold as a standalone opportunity. The “pre-roll” advertisements piloted on SEPTA subway TVMs represent a great concept poorly executed; a theoretical idea negligent in considering their intended function and reason for existence.

First, there are challenges with running multiple messages per use or in rotation. One slows down a technology designed for speed; the other splits the inventory into pieces, hypothetically capturing the same amount of revenue as a single, longer advert but decreasing value to the respective advertisers (any exclusivity, a key selling point for any brand, is eliminated). Second, the screen is smaller, with what appears to be a limited screen resolution when compared to the dynamic range of a 1080p digital face. That said, when provided in suite with other exposure like static banners near kiosks, mobile interstitials and the fare cards themselves, these screens could provide a clear, concise and impactful messaging point to a captive audience that must pay attention in order to move forward with their purchase.

In the opinion of The Superlative Group, this can be a far more valuable and measurable exposure for a brand, as opposed to a dynamic message played indiscriminately to crowds and measured by foot traffic instead of eyeballs. The takeaway is simple: Keep it short and to the point—Superlative recommends one to two seconds maximum **(Recommendation 3)**.

7.5 Benchmarks

As noted above, Intersection's website calculates a total of 2,200-plus Link kiosks in New York, Philadelphia and across the UK, which are used by 11 million consumers every week and generate 645 million weekly impressions with consumers aged 18 or older. Extrapolating this data further based on the published rack rate of $25 per 1,000 views, Links around the world have the potential to generate $16.125 million in revenue per week, or more than $403 million annually. Per machine—absent any reference points for specific metrics for impressions generated by each unit—this amounts to an average of 260,000 consumers and 15.2 million impressions annually. Based on reported revenue generated by these campaigns, the actual cost per thousand (CPM) paid by advertisers on Link kiosks ranges between $0.58 and $1.88, depending on the market. SEPTA advertising partners received rotations on subway ticket vending machines as a value-added benefit to existing OOH contracts.

Figure 7.5.1

Agency/Entity	DMA	Asset	Partner(s)	Year	Consumers Reached (Avg. per Machine)	Impressions (Avg. per Machine)	WiFi Sessions (Avg. per Machine)	Total Annual Revenue (MAG)	Machines	Avg. per machine	CPM
SEPTA	PA	LinkPHL	PECO Energy	2019	260,000	15,245,455	468,000	$ 1,800,000	100	$ 18,000	$ 1.80
New York MTA	NY	LinkNYC	Verizon	2019	260,000	15,245,455	468,000	$ 37,300,000	1,300	$ 28,692	$ 1.88
United Kingdom (Various)	UK	InLink	BT	2017	260,000	15,245,455	468,000	$ 6,613,500	750	$ 8,818	$ 0.58

7.6 Conclusions and Recommendations

Based on the above background, case studies and best practices, the following sections of this report provide an outline of Superlative's recommendations for monetizing the LACMTA TAP Card, rooted in the prediction—validated by LACMTA's TAP Operations Department—that the TAP program will be largely mobile-based within the next five years (see Section 4 above).

Further, Superlative has taken into account exogenous factors such as LACMTA being one of many agencies utilizing the TAP Card and expressed sensitivities regarding revenue sharing between publicly-funded agencies. Most importantly, Superlative has packaged a **suite of TAP Card program assets that when bundled together** (i.e. TAP Card exposure, signage visibility and digital/mobile integration) as a singular sponsorship opportunity in lieu of short-term advertising agreements, **can be a more valuable, feasible and sustainable solution** than that presented in the strategic objectives of this study. **(Recommendation 2)**

Please see Section 7.3 above for Superlative's proposed approach for integrating TAP Card ticket vending machine assets into a holistic TAP Card sponsorship and advertising program.

8 Metro Bus System Valuation (Task 7)

8.1 Introduction

This section provides an overview of the Asset Database for Metro bus system, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories.

As discussed in Section 3, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

8.2 Metro G Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro G Line.

Table 8.2.1

<table>
<tr><th>Asset</th><th>G Line</th></tr>
<tr><td>Asset Description</td><td>G Line Naming Rights</td></tr>
<tr><td>Sponsorship Opportunity</td><td>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:

Sponsor Signage Exposure
• Sponsor ID on Bus Exterior;
• Sponsor ID on Station & Shelter Signs;
• Sponsor ID within Bus Interior;
• Sponsor ID on Permanent Station Maps;
• Sponsor ID on Platform Ticket Vending Machines;

Sponsor ID in Additional Marketing Materials
• Sponsor ID on Published LACMTA Schedules/Maps;
• Sponsor ID in Earned Media

Digital Exposure
• Sponsor ID on metro.net;
• Sponsor ID on LACMTA Social Media;
• Sponsor ID on LACMTA Email Communications;
• Sponsor ID on GoMetro Mobile App.</td></tr>
<tr><td>Term of Sponsorship</td><td>Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors.

The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</td></tr>
</table>

Value Range: Metro G Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the G Line:

Table 8.2.2 G Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bus Exterior (Drive-by traffic)	32,015,808	$166,802
Sponsor ID on Bus Exterior (Passenger Impressions)	12,722,767	$66,286
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	16,007,904	$33,296
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	12,722,767	$26,463
Sponsor ID within Bus Interior	6,378,403	$11,545
Sponsor ID on Permanent Station Maps	12,722,767	$26,463
Sponsor ID on Platform Ticket Vending Machines	10,602,306	$19,190
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	1,678,527	$28,535
Sponsor ID in Earned Media	4,468,359	$58,982
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	200,450	$10,023
Sponsor ID on GoMetro Mobile App	3,804,600	$8,484
TOTAL	**122,393,834**	**$498,134**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro G Line between $500,000 and $1 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the G Line could generate between $17.3 million and $34.6 million over a 25-year term.

8.3 Metro J Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro J Line.

Table 8.3.1

Asset	J Line
Asset Description	J Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Bus Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Bus Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro J Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the J Line:

Table 8.3.2 J Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bus Exterior (Drive-by traffic)	65,916,702	$343,426
Sponsor ID on Bus Exterior (Passenger Impressions)	9,008,532	$46,934
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	65,916,702	$137,107
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	9,008,532	$18,738
Sponsor ID within Bus Interior	4,948,711	$8,957
Sponsor ID on Permanent Station Maps	9,008,532	$18,738
Sponsor ID on Platform Ticket Vending Machines	7,507,110	$13,588
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	1,302,292	$22,139
Sponsor ID in Earned Media	3,466,795	$45,762
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	200,450	$10,023
Sponsor ID on GoMetro Mobile App	2,238,000	$4,991
TOTAL	**187,591,534**	**$712,466**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro J Line between $500,000 and $1 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the J Line could generate between $17.3 million and $34.6 million over a 25-year term.

8.4 Dodger Stadium Express

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Dodger Stadium Express.

Table 8.4.1

Asset	Dodger Stadium Express
Asset Description	Dodger Stadium Express Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Bus Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Bus Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Dodger Stadium Express

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the Dodger Stadium Express:

Table 8.4.2 Dodger Stadium Express Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bus Exterior (Drive-by traffic)	38,227,820	$199,167
Sponsor ID on Bus Exterior (Passenger Impressions)	339,462	$1,769
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	19,113,910	$39,757
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	339,462	$706
Sponsor ID within Train Interior	358,321	$649
Sponsor ID on Permanent Station Maps	339,462	$706
Sponsor ID on Platform Ticket Vending Machines	282,885	$512
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	94,295	$1,603
Sponsor ID in Earned Media	850,000	$11,220
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	200,450	$10,023
Sponsor ID on GoMetro Mobile App	1,566,600	$3,494
TOTAL	**70,781,844**	**$311,668**

Revenue Potential

The Superlative Group calculates the fair market value range of the Dodger Stadium Express between $250,000 and $500,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the Dodger Stadium Express could generate between $8.6 million and $17.3 million over a 25-year term.

8.5 LAX FlyAway

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the LAX FlyAway, which is owned and operated by LAWA.

Table 8.5.1

Asset	LAX FlyAway
Asset Description	LAX FlyAway Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Bus Exterior; • Sponsor ID on Station & Shelter Signs; **Sponsor ID in Additional Marketing Materials** • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: LAX FlyAway

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the LAX FlyAway, assuming LAWA wishes to pursue Naming Rights for this asset:

Table 8.5.2 LAX FlyAway Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bus Exterior (Drive-by traffic)	11,927,376	$62,142
Sponsor ID on Bus Exterior (Passenger Impressions)	5,963,688	$12,404
Sponsor Exposure in Additional Marketing Materials	**Weighted Impressions**	**Annual Benefit**
Sponsor ID in Earned Media	850,000	$11,220
Digital Exposure	**Weighted Impressions**	**Annual Benefit**
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	200,450	$10,023
Sponsor ID on GoMetro Mobile App	1,119,000	$2,495
TOTAL	**29,129,690**	**$140,348**

Revenue Potential

The Superlative Group calculates the fair market value range of the LAX FlyAway between $150,000 and $300,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the LAX FlyAway could generate between $5.2 million and $10.4 million over a 25-year term.

8.6 Bus Station Valuation

In order to provide values for the bus stations along the Orange and Silver lines, Superlative broke the stations into different tiers to highlight the value ranges possible. The tiers are defined as:

- **Highway** – are stations located along or in the center of the highways that coincide with the line route. These stations are extremely visible to the population of Los Angeles that travels via highway and provide a massive branding opportunity to reach that audience. This tier is valued at $250,000 per annum.
- **Gold** – are the next most valuable stations that are located along busier roadways but not highways. These stations are valued at $100,000 per annum.
- **Silver** – the third tier of stations located throughout the LACMTA service area on less busy roadways and are valued at $50,000 per annum.

A larger buildout of each station valuation is available upon request. In consideration of the size and length of this report, the additional tiered stations are presented in the following tables.

Table 8.6.1 Highway Tier Stations

Highway Stations	
Value	$250,000 per year $2,813,732 over 10-year term, including 2.6% CPI escalator
G Line Stations	None
J Line Stations	Cal State La Busway, Harbor Transitway/37th St./USC, Harbor Transitway/Slauson, Harbor Transitway/Manchester, Harbor Transitway/Harbor Fwy., Harbor Transitway/Rosecrans, Harbor Fwy./Carson, Harbor Fwy./Pacific Coast Highway

Table 8.6.2 Gold Tier Stations

Gold Stations	
Value	$100,000 per year $1,125,493 over 10-year term, including 2.6% CPI escalator
G Line Stations	Van Nuys, Sepulveda, Balboa, Tampa, Pierce College, De Soto, Canoga, Roscoe
J Line Stations	El Monte

Table 8.6.3 Silver Tier Stations

Silver Stations	
Value	$50,000 per year $562,746 over 10-year term, including 2.6% CPI escalator
G Line Stations	North Hollywood, Laurel Canyon, Valley College, Woodman, Woodley, Reseda, Sherman Way, Nordhoff, Chatsworth
J Line Stations	USC Medical Ctr Busway

9 Metro Rail System Valuation (Task 7)

9.1 Introduction

This section provides an overview of the Asset Database for Metro rail system, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories.

As discussed in Section 3, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

9.2 Metro A Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro A Line.

Table 9.2.1

Asset	A Line
Asset Description	A Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro A Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the A Line:

Table 9.2.2 A Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	53,896,968	$280,803
Sponsor ID on Train Exterior (Passenger Impressions)	38,861,222	$202,467
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	26,948,484	$56,053
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	38,861,222	$80,831
Sponsor ID within Train Interior	8,459,883	$15,312
Sponsor ID on Permanent Station Maps	38,861,222	$80,831
Sponsor ID on Platform Ticket Vending Machines	32,384,352	$58,616
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	2,226,285	$37,847
Sponsor ID in Earned Media	5,926,530	$78,230
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	4,923,600	$10,980
TOTAL	**260,629,945**	**$954,584**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro A Line between $750,000 and $1.25 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the A Line could generate between $25.9 million and $43.3 million over a 25-year term.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor will receive branding recognition on the exterior of the rail vehicles along the route and will be visible by passengers, automobile traffic, pedestrians, cyclists, and visitors to the area.
ii. Sponsor ID will be included on station and shelter signs, visible to drive-by traffic along streets of the A Line route.
iii. Sponsor ID will be included on station signs visible to passengers waiting at the stations, passengers on the rail vehicles stopping at the stations and passengers exiting at the stations.
iv. Sponsor will receive branding recognition within the interior of the rail vehicles on the A Line
v. Sponsor ID will be included on permanent station maps at A Line stations.
vi. Sponsor ID will be featured on Platform Ticket Vending Machines at stations along the A Line route.

Sponsor Exposure in Additional Marketing Materials

vii. Sponsor ID will be visible on LACMTA published schedules and maps.
viii. Sponsor will receive recognition in earned media value based on their name being attached any time the line is mentioned throughout the media.

Digital Exposure

ix. Sponsor will receive recognition on the current LACMTA website anywhere the line is mentioned, as well as all A Line scheduling and route-dedicated sites.
x. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.
xi. Sponsor ID will be included on LACMTA email communications, both internally and externally.
xii. Sponsor ID will be included on GoMetro Mobile App anywhere the line is mentioned.

9.3 Metro B Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro B Line.

Table 9.3.1

Asset	**B Line**
Asset Description	B Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro B Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the B Line:

Table 9.3.2 B Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	28,563,264	$148,815
Sponsor ID on Train Exterior (Passenger Impressions)	58,744,904	$306,061
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	14,281,632	$29,706
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	58,744,904	$122,189
Sponsor ID within Train Interior	39,686,716	$71,833
Sponsor ID on Permanent Station Maps	58,744,904	$122,189
Sponsor ID on Platform Ticket Vending Machines	48,954,087	$88,607
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	10,443,873	$177,546
Sponsor ID in Earned Media	17,336,720	$228,845
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	3,133,200	$6,987
TOTAL	**347,914,381**	**$1,355,392**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro B Line between $1 million and $1.75 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the B Line could generate between $34.6 million and $60.6 million over a 25-year term.

9.4 Metro C Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro C Line.

Table 9.4.1

Asset	C Line
Asset Description	C Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro C Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the C Line:

Table 9.4.2 C Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	317,858,400	$1,656,042
Sponsor ID on Train Exterior (Passenger Impressions)	17,552,012	$91,446
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	158,929,200	$330,573
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	17,552,012	$36,508
Sponsor ID within Train Interior	8,675,216	$15,702
Sponsor ID on Permanent Station Maps	17,552,012	$36,508
Sponsor ID on Platform Ticket Vending Machines	14,626,677	$26,474
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	2,282,952	$38,810
Sponsor ID in Earned Media	6,077,380	$80,221
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	3,133,200	$6,987
TOTAL	**573,519,238**	**$2,371,886**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro C Line between $2.0 million and $2.75 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the C Line could generate between $69.2 million and $95.2 million over a 25-year term.

9.5 Metro L Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro L Line.

Table 9.5.1

Asset	L Line
Asset Description	L Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro L Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the C Line:

Table 9.5.2 L Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	155,540,448	$810,366
Sponsor ID on Train Exterior (Passenger Impressions)	29,112,829	$151,678
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	77,770,224	$161,762
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	29,112,829	$60,555
Sponsor ID within Train Interior	14,335,874	$25,948
Sponsor ID on Permanent Station Maps	29,112,829	$60,555
Sponsor ID on Platform Ticket Vending Machines	24,260,691	$43,912
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	3,772,599	$64,134
Sponsor ID in Earned Media	10,042,928	$132,567
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	6,042,600	$13,475
TOTAL	**388,384,027**	**$1,577,565**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro L Line between $1.0 million and $1.75 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the L Line could generate between $34.6 million and $60.6 million over a 25-year term.

9.6 Metro D Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro D Line.

Table 9.6.1

Asset	D Line
Asset Description	D Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro D Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the C Line:

Table 9.6.2 D Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	14,673,816	$76,451
Sponsor ID on Train Exterior (Passenger Impressions)	20,628,457	$107,474
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	7,336,908	$15,261
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	20,628,457	$42,907
Sponsor ID within Train Interior	9,808,224	$17,753
Sponsor ID on Permanent Station Maps	20,628,457	$42,907
Sponsor ID on Platform Ticket Vending Machines	17,190,381	$31,115
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	2,581,112	$43,879
Sponsor ID in Earned Media	17,336,720	$228,845
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	1,790,400	$3,993
TOTAL	**141,883,108**	**$663,198**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro D Line between $500,000 and $1 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the D Line could generate between $17.3 million and $34.6 million over a 25-year term.

9.7 Metro E Line

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Metro E Line.

Table 9.7.1

Asset	E Line
Asset Description	E Line Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Train Exterior; • Sponsor ID on Station & Shelter Signs; • Sponsor ID within Train Interior; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Platform Ticket Vending Machines; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; • Sponsor ID in Earned Media **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media; • Sponsor ID on LACMTA Email Communications; • Sponsor ID on GoMetro Mobile App.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 25 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro E Line

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the E Line:

Table 9.7.2 E Line Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Train Exterior (Drive-by traffic)	22,532,328	$117,393
Sponsor ID on Train Exterior (Passenger Impressions)	34,892,770	$181,791
Sponsor ID on Station & Shelter Signs (Drive-by traffic)	11,266,164	$23,434
Sponsor ID on Station & Shelter Signs (Passenger Impressions)	34,892,770	$72,577
Sponsor ID within Train Interior	17,355,615	$31,414
Sponsor ID on Permanent Station Maps	34,892,770	$72,577
Sponsor ID on Platform Ticket Vending Machines	29,077,308	$52,630
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	4,567,267	$77,644
Sponsor ID in Earned Media	12,158,392	$160,491
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	5,720,000	$20,592
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
Sponsor ID on LACMTA Email Communications	211,000	$10,550
Sponsor ID on GoMetro Mobile App	4,252,200	$9,482
TOTAL	**215,167,758**	**$852,047**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro E Line between $750,000 and $1.25 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the E Line could generate between $25.9 million and $43.3 million over a 25-year term.

9.8 Civic Center/Grand Park

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Civic Center/Grand Park station.

Table 9.8.1

Asset	Civic Center/Grand Park Station
Asset Description	Civic Center/Grand Park Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Station Signs; • Sponsor ID on Interior Station Signs; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Route Maps within Vehicles; • Sponsor ID in Audio Announcements within Vehicles; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Civic Center/Grand Park

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the Civic Center Grand Park station:

Table 9.8.2 Civic Center/Grand Park Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Station Signs (Drive-by traffic)	10,939,050	$52,289
Sponsor ID on Interior Station Signs (Passenger Impressions)	27,167,234	$129,859
Sponsor ID on Permanent Station Maps	10,723,908	$23,593
Sponsor ID on Route Maps within Vehicles	5,209,994	$17,401
Sponsor ID in Audio Announcements within Vehicles	2,604,997	$8,701
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	5,209,994	$88,570
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	279,098	$21,472
TOTAL	**65,709,274**	**$354,755**

Revenue Potential

The Superlative Group calculates the fair market value range of the Civic Center/Grand Park station between $250,000 and $500,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the Civic Center/Grand Park station could generate between $2.8 million and $5.6 million over a 10-year term.

General Valuation Assumptions

Sponsor Signage Exposure

xiii. Sponsor ID will be included on station and shelter signs, visible to drive-by traffic along streets adjacent to the station.
xiv. Sponsor ID will be included on station signs visible to passengers waiting at the station, passengers on the rail vehicles stopping at the station and passengers exiting at the station.
xv. Sponsor ID will be included on permanent station maps at the Civic Center/Grand Park station.
xvi. Sponsor ID will be included on route maps within the rail vehicles.
xvii. Sponsor ID will be included in audio announcements within vehicles as they are approaching the station.

Sponsor Exposure in Additional Marketing Materials

xviii. Sponsor ID will be visible on LACMTA published schedules and maps.

Digital Exposure

xix. Sponsor will receive recognition on the current LACMTA website anywhere the station is mentioned, as well as all route-dedicated pages that mention the station.
xx. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.

9.9 Pershing Square

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Pershing Square station.

Table 9.9.1

Asset	Pershing Square Station
Asset Description	Pershing Square Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Station Signs; • Sponsor ID on Interior Station Signs; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Route Maps within Vehicles; • Sponsor ID in Audio Announcements within Vehicles; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Pershing Square

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the Pershing Square station:

Table 9.9.2 Pershing Square Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Station Signs (Drive-by traffic)	11,428,515	$54,628
Sponsor ID on Interior Station Signs (Passenger Impressions)	45,493,448	$217,459
Sponsor ID on Permanent Station Maps	17,957,940	$39,507
Sponsor ID on Route Maps within Vehicles	5,209,994	$17,401
Sponsor ID in Audio Announcements within Vehicles	2,604,997	$8,701
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	5,209,994	$88,570
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	279,098	$21,472
TOTAL	**91,758,985**	**$460,608**

Revenue Potential

The Superlative Group calculates the fair market value range of the Pershing Square station between \$250,000 and \$500,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the Pershing Square station could generate between \$2.8 million and \$5.6 million over a 10-year term.

9.10 7th Street/Metro Center

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the 7th Street/Metro Center station.

Table 9.10.1

Asset	**7th Street/Metro Center Station**
Asset Description	7th Street/Metro Center Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Station Signs; • Sponsor ID on Interior Station Signs; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Route Maps within Vehicles; • Sponsor ID in Audio Announcements within Vehicles; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: 7th Street/Metro Center

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the 7th Street/Metro Center station:

Table 9.10.2 7th Street/Metro Center Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Station Signs (Drive-by traffic)	10,640,115	$50,860
Sponsor ID on Interior Station Signs (Passenger Impressions)	259,350,790	$1,239,697
Sponsor ID on Permanent Station Maps	102,375,312	$225,226
Sponsor ID on Route Maps within Vehicles	7,927,414	$26,478
Sponsor ID in Audio Announcements within Vehicles	3,963,707	$13,239
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	7,927,414	$134,766
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	279,098	$21,472
TOTAL	**396,038,851**	**$1,724,607**

Revenue Potential

The Superlative Group calculates the fair market value range of the 7th Street/Metro Center station between $1.5 million and $2.0 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the 7th Street/Metro Center station could generate between $16.8 million and $22.5 million over a 10-year term.

9.11 Pico

The following table provides an overview of the proposed benefits and values which would be included in a Naming Rights agreement for the Pico station.

Table 9.11.1

Asset	Pico Station
Asset Description	Pico Naming Rights
Sponsorship Opportunity	Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Station Signs; • Sponsor ID on Interior Station Signs; • Sponsor ID on Permanent Station Maps; • Sponsor ID on Route Maps within Vehicles; • Sponsor ID in Audio Announcements within Vehicles; **Sponsor ID in Additional Marketing Materials** • Sponsor ID on Published LACMTA Schedules/Maps; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Pico

The following table provides an overview of the proposed quantitative benefits which would be included in a naming rights agreement for the Pico station:

Table 9.11.2 Pico Naming Rights Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Station Signs (Drive-by traffic)	6,507,038	$31,104
Sponsor ID on Interior Station Signs (Passenger Impressions)	36,490,792	$174,426
Sponsor ID on Permanent Station Maps	14,404,260	$31,689
Sponsor ID on Route Maps within Vehicles	2,717,421	$9,076
Sponsor ID in Audio Announcements within Vehicles	1,358,710	$4,538
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Published LACMTA Schedules/Maps	2,717,421	$46,196
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	279,098	$21,472
TOTAL	**68,049,740**	**$331,371**

Revenue Potential

The Superlative Group calculates the fair market value range of the Pico station between $250,000 and $500,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the Naming Rights for the Pico station could generate between $2.8 million and $5.6 million over a 10-year term.

9.12 Additional Rail Stations

In order to provide values for the remaining stations (excluding Union Station) along the A, Red, Green, Gold, Purple and E lines, Superlative broke the stations into different tiers to highlight the value ranges possible. The tiers are defined as:

- **Highway** – are stations located along or in the center of the highways that coincide with the line route. These stations are extremely visible to the population of Los Angeles that travels via highway and provide a massive branding opportunity to reach that audience. This tier is valued at $250,000 per annum.
- **Gold** – are the next most valuable stations that are located along busier roadways but not highways. These stations are valued at $100,000 per annum.
- **Silver** – the third tier of stations located throughout the LACMTA service area on less busy roadways and are valued at $50,000 per annum.

A larger buildout of each station valuation is available upon request. In consideration of the size and length of this report, the additional tiered stations are presented in the following tables.

Table 9.12.1 Highway Tier Stations

Highway Stations	
Value	$250,000 per year $2,813,732 over 10-year term, including 2.6% CPI escalator
Shared Stations	Willowbrook – Rosa Parks
A Line Stations	None
B Line Stations	None
C Line Stations	Norwalk, Lakewood Blvd., Long Beach Blvd., Avalon, Harbor Freeway, Vermont/Athens, Crenshaw, Hawthorne/Lennox, Aviation/LAX
L Line Stations	Sierra Madre, Allen, Lake
D Line Stations	None
E Line Stations	None

Table 9.12.2 Gold Tier Stations

Gold Stations	
Value	$100,000 per year $1,125,493 over 10-year term, including 2.6% CPI escalator
Shared Stations	Westlake/MacArthur Park, Wilshire/Vermont
A Line Stations	Pacific Coast Highway
B Line Stations	Vermont/Beverly, Vermont/Sunset, Hollywood/Western, Hollywood/Vine, Hollywood/Highland, Universal/Studio City, North Hollywood
C Line Stations	None
L Line Stations	Irwindale, Little Tokyo/Arts District
D Line Stations	Wilshire/Normandie, Wilshire/Western
E Line Stations	Downtown Santa Monica

Table 9.12.3 Silver Tier Stations

Silver Stations	
Value	$50,000 per year $562,746 over 10-year term, including 2.6% CPI escalator
Shared Stations	None
A Line Stations	Grand/LATTC, San Pedro Street, Washington, Vernon, Slauson, Florence, Firestone, 103rd Street/Watts Tower, Compton, Artesia, Del Amo, Wardlow, Willow Street, Anaheim Street, 5th Street, 1st street, Pacific Ave, Downtown Long Beach
B Line Stations	Vermont/Santa Monica
C Line Stations	Mariposa, El Segundo, Douglas, Redondo Beach
L Line Stations	APU/Citrus College, Azusa Downtown, Duarte/City of Hope, Monrovia, Arcadia, Memorial Park, Del Mar, Fillmore, South Pasadena, Highland Park, Southwest Museum, Heritage Square/Arroyo, Lincoln Heights/Cypress Park, Chinatown, Pico/Aliso, Mariachi Plaza/Boyle Heights, Soto Station, Indiana, Maravilla, East LA Civic Center, Atlantic
D Line Stations	None
E Line Stations	LATTC/Ortho Institute, Jefferson/USC, Expo Park/USC, Expo/Vermont, Expo/Western, Expo/Crenshaw, Farmdale, Expo/La Brea/Ethel Brady, La Cienega/Jefferson, Culver City, Palms, Westwood/Rancho Park, Expo/Sepulveda, Expo/Bundy, 26th Street/Bergamont, 17th Street/SMC

10 Metro Bike System Valuation (Task 7)

10.1 Introduction

This section provides an overview of the Asset Database for the additional Metro bike system, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories.

As discussed in Section 3, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

10.2 Metro Bike Share

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Metro Bike Share program.

Table 10.2.1

Asset	Metro Bike Share
Asset Description	Metro Bike Share Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Bicycles; • Sponsor ID on Bicycle Racks; **Digital Exposure** • Sponsor ID on Bike Share Email Communications; • Sponsor ID on Bike Share and LACMTA websites; • Sponsor ID on Bike Share Mobile App; • Sponsor ID on Bike Share and LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Metro Bike Share

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Metro Bike Share:

Table 10.2.2 Metro Bike Share Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bicycles		
- Impressions from Riders	76,651,480	$354,130
- Impressions from Local Residents/Tourists	15,079,139	$69,666
- Impressions from Passing Vehicles	80,422,072	$140,739
Sponsor ID on Bicycle Racks		
- Impressions from Riders	5,000,000	$23,100
- Impressions from Local Residents/Tourists	15,079,139	$69,666
- Impressions from Passing Vehicles	55,089,119	$96,406
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Bike Share Email Communications	120,000	$6,000
Sponsor ID on Bike Share and LACMTA websites	2,845,700	$10,245
Sponsor ID on Bike Share Mobile App	2,375,000	$5,296
Sponsor ID on Bike Share and LACMTA Social Media; once per month	1,168,029	$7,125
TOTAL	**253,829,677**	**$782,371**

Revenue Potential

The Superlative Group calculates the fair market value range of the Metro Bike Share between $500,000 and $1 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Metro Bike Share could generate between $5.6 million and $11.2 million over a 10-year term.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor ID will be included on all Metro Bike Share bicycles.
ii. Sponsor ID will be included on all Metro Bike Share bicycle racks.

Digital Exposure

iii. Sponsor will receive recognition in Metro Bike Share email communications, assumed monthly.
iv. Sponsor will receive recognition on the current Bike Share and LACMTA website anywhere the Bike Share is mentioned.
v. Sponsor will receive recognition on the Bike Share Mobile App.
vi. Sponsor will receive recognition in Bike Share and LACMTA social media posts, assuming one post per month.

11 Metro Property Valuation (Task 7)

11.1 Introduction

This section provides an overview of the Asset Database for Metro property, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories.

As discussed in Section 3, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

11.2 Passageway at Union Station

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Passageway at Union Station.

Table 11.2.1

Asset	Passageway at Union Station
Asset Description	Passageway Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Passageway Entrance Signage; • Sponsor ID on Interior Passageway Signage; **Digital Exposure** • Sponsor ID on metro.net; multiple pages; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Passageway at Union Station

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Passageway at Union Station:

Table 11.2.2 Passageway at Union Station Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Passageway Entrance Signage	33,893,418	$176,585
Sponsor ID on Interior Passageway Signage	45,191,224	$81,796
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**86,008,818**	**$292,723**

Revenue Potential

The Superlative Group calculates the fair market value range of the Passageway at Union Station between $200,000 and $300,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Passageway at Union Station could generate between $2.2 million and $3.4 million over a 10-year term.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor ID will be included on signage at the two entrances to the Passageway.

ii. Sponsor ID will be included on interior signage located throughout the Passageway; valuation assumes an estimated eight (8) signs.

Digital Exposure

iii. Sponsor will receive recognition on the LACMTA website anywhere the Passageway is mentioned and also included on information pages associated with Union Station.

iv. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.

11.3 Public Restrooms

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the public restrooms.

Table 11.3.1

Asset	Public Restrooms
Asset Description	Public Restrooms Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Facility Exterior; **Digital Exposure** • Sponsor ID on metro.net; multiple pages; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Public Restrooms

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Public Restrooms:

Table 11.3.2 Public Restrooms Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Facility Exterior	92,616,702	$167,636
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**99,540,878**	**$201,978**

Revenue Potential
The Superlative Group calculates the fair market value range of the Public Restrooms between $150,000 and $250,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Public Restrooms could generate between $1.6 million and $2.8 million over a 10-year term.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor ID will be featured on the exterior of all of the facilities. Valuation assumes facilities will be located at the following stations: Downtown Long Beach, 7th Street/Metro Center, Redondo Beach, Norwalk, Atlantic, APU/Citrus College, Downtown Santa Monica, Chatsworth, North Hollywood, Harbor Gateway Transit Center, El Monte, Pico, Aviation/LAX, Harbor Fwy, Willowbrook/Rosa Parks, Cal State LA and Pacific/21st Layover.

Digital Exposure

ii. Sponsor will receive recognition on the LACMTA website anywhere the public restrooms are mentioned and also included on information pages associated with Union Station.
iii. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.

11.4 Azusa Pacific University (APU)/Citrus Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the APU/Citrus parking garage.

Table 11.4.1

Asset	APU/Citrus Parking Garage
Asset Description	APU/Citrus Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: APU/Citrus Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the APU/Citrus parking garage:

Table 11.4.2 APU/Citrus Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	2,963,015	$15,437
Sponsor ID on Interior Garage Signage	64,194	$334
Sponsor ID on Garage Ticketing Machines/Booths	71,327	$129
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	71,327	$1,213
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**10,094,040**	**$51,455**

Revenue Potential

The Superlative Group calculates the fair market value range of the APU/Citrus parking garage between $50,000 and $100,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the APU/Citrus parking garage could generate between $562,746 and $1.1 million over a 10-year term.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor ID will be included on all exterior garage signage, visible to passing traffic.
ii. Sponsor ID will be included on all interior garage signage.
iii. Sponsor ID will be included on all ticketing machines/booths located in the garage.

Sponsor Exposure in Additional Marketing Materials

iv. Sponsor ID will be included on all tickets produced in the garage.

Digital Exposure

v. Sponsor will receive recognition on the LACMTA website anywhere the parking garage is mentioned.
vi. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.

11.5 Arcadia Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Arcadia parking garage.

Table 11.5.1

Asset	Arcadia Parking Garage
Asset Description	Arcadia Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Arcadia Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Arcadia parking garage:

Table 11.5.2 Arcadia Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	2,948,543	$15,362
Sponsor ID on Interior Garage Signage	57,871	$302
Sponsor ID on Garage Ticketing Machines/Booths	64,301	$116
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	64,301	$1,093
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**10,059,191**	**$51,215**

Revenue Potential

The Superlative Group calculates the fair market value range of the Arcadia parking garage between $50,000 and $100,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Arcadia parking garage could generate between $562,746 and $1.1 million over a 10-year term.

11.6 Atlantic Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Atlantic parking garage.

Table 11.6.1

Asset	Atlantic Parking Garage
Asset Description	Atlantic Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Atlantic Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Atlantic parking garage:

Table 11.6.2 Atlantic Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	8,778,250	$45,735
Sponsor ID on Interior Garage Signage	64,359	$335
Sponsor ID on Garage Ticketing Machines/Booths	71,510	$129
Sponsor Exposure in Additional Marketing Materials	**Weighted Impressions**	**Annual Benefit**
Sponsor ID on Garage Tickets	71,510	$1,216
Digital Exposure	**Weighted Impressions**	**Annual Benefit**
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**15,909,804**	**$81,757**

Revenue Potential

The Superlative Group calculates the fair market value range of the Atlantic parking garage between $75,000 and $125,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Atlantic parking garage could generate between $844,120 and $1.4 million over a 10-year term.

11.7 Expo/Sepulveda Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Expo/Sepulveda parking garage.

Table 11.7.1

Asset	Expo/Sepulveda Parking Garage
Asset Description	Expo/Sepulveda Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Expo/Sepulveda Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Expo/Sepulveda parking garage:

Table 11.7.2 Expo/Sepulveda Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	282,328	$1,471
Sponsor ID on Interior Garage Signage	39,338	$205
Sponsor ID on Garage Ticketing Machines/Booths	43,709	$79
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	43,709	$743
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**7,333,259**	**$36,840**

Revenue Potential

The Superlative Group calculates the fair market value range of the Expo/Sepulveda parking garage between $25,000 and $50,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Expo/Sepulveda parking garage could generate between $281,373 and $562,746 million over a 10-year term.

11.8 Irwindale Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Irwindale parking garage.

Table 11.8.1

Asset	Irwindale Parking Garage
Asset Description	Irwindale Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Irwindale Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Irwindale parking garage:

Table 11.8.2 Irwindale Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	8,326,052	$43,379
Sponsor ID on Interior Garage Signage	88,284	$460
Sponsor ID on Garage Ticketing Machines/Booths	98,094	$178
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	98,094	$1,668
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**15,534,699**	**$80,026**

Revenue Potential

The Superlative Group calculates the fair market value range of the Irwindale parking garage between $75,000 and $125,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Irwindale parking garage could generate between $844,120 and $1.4 million over a 10-year term.

11.9 La Cienega/Jefferson Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the La Cienega/Jefferson parking garage.

Table 11.9.1

Asset	La Cienega/Jefferson Parking Garage
Asset Description	La Cienega/Jefferson Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: La Cienega/Jefferson Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the La Cienega/Jefferson parking garage:

Table 11.9.2 La Cienega/Jefferson Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	6,663,166	$34,715
Sponsor ID on Interior Garage Signage	114,291	$595
Sponsor ID on Garage Ticketing Machines/Booths	126,990	$230
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	126,990	$2,159
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**13,955,612**	**$72,041**

Revenue Potential

The Superlative Group calculates the fair market value range of the La Cienega/Jefferson parking garage between $50,000 and $100,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the La Cienega/Jefferson parking garage could generate between $562,746 and $1.1 million over a 10-year term.

11.10 Monrovia Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Monrovia parking garage.

Table 11.10.1

Asset	**Monrovia Parking Garage**
Asset Description	Monrovia Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Monrovia Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Monrovia parking garage:

Table 11.10.2 Monrovia Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	5,742,874	$29,920
Sponsor ID on Interior Garage Signage	40,187	$209
Sponsor ID on Garage Ticketing Machines/Booths	44,652	$81
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	44,652	$759
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**12,796,539**	**$65,312**

Revenue Potential

The Superlative Group calculates the fair market value range of the Monrovia parking garage between $50,000 and $100,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Monrovia parking garage could generate between $562,746 and $1.1 million over a 10-year term.

11.11 Sierra Madre Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Sierra Madre parking garage.

Table 11.11.1

Asset	Sierra Madre Parking Garage
Asset Description	Sierra Madre Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Sierra Madre Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Sierra Madre parking garage:

Table 11.11.2 Sierra Madre Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	67,616,250	$352,281
Sponsor ID on Interior Garage Signage	159,487	$831
Sponsor ID on Garage Ticketing Machines/Booths	177,208	$321
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	177,208	$3,013
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**75,054,328**	**$390,787**

Revenue Potential

The Superlative Group calculates the fair market value range of the Sierra Madre parking garage between $250,000 and $500,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Sierra Madre parking garage could generate between $2.8 million and $5.6 million over a 10-year term.

11.12 Willow Parking

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Willow parking garage.

Table 11.12.1

Asset	Willow Parking Garage
Asset Description	Willow Parking Garage Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Exterior Garage Signage; • Sponsor ID on Interior Garage Signage; • Sponsor ID on Garage Ticketing Machines/Booths; **Sponsor Exposure in Additional Marketing Materials** • Sponsor ID on Garage Tickets; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Willow Parking Garage

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Willow parking garage:

Table 11.12.2 Willow Parking Garage Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on Exterior Garage Signage	6,073,600	$31,643
Sponsor ID on Interior Garage Signage	93,060	$485
Sponsor ID on Garage Ticketing Machines/Booths	103,400	$187
Sponsor Exposure in Additional Marketing Materials	Weighted Impressions	Annual Benefit
Sponsor ID on Garage Tickets	103,400	$1,758
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**13,297,636**	**$68,415**

Revenue Potential

The Superlative Group calculates the fair market value range of the Willow parking garage between $50,000 and $100,000 per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the S Willow parking garage could generate between $562,746 and $1.1 million over a 10-year term.

12 Microtransit and Non-Revenue Vehicles Valuation (Task 7)

12.1 Introduction

This section provides an overview of the Asset Database for Metro microtransit and non-revenue vehicles, which identifies and values the main Naming Rights and/or Corporate Sponsorship assets and provides our strategy of how the main assets should be matched to target categories.

As discussed in Section 3, The Superlative Group studied numerous sources provided by LACMTA and through original research in order to determine a baseline level of total impressions that each sponsorship asset receives. Superlative made prudent assumptions as to the number and frequency of rotations on signage inventory and internal electronic message boards, if applicable. Superlative also takes the following factors into account when determining the appropriate amount of impressions a piece of signage or collateral would receive:

Valuation Factors

The following factors have been considered as part of The Superlative Group valuation process:

- **Size/Design** – has a direct impact on visibility. Within a given market, advertising space carries a different value depending upon the number of impressions, which are used to calculate advertising rates. An impression indicates the number of times an advertisement is seen by pedestrians, motorists and transit riders.
- **Location** – Rates are higher in high demand areas. Billboards in New York City will carry some of the highest rates in the nation. Location also dictates the demographics of the audience. Airport advertising rates are high due to the premium demographics of air travelers.
- **Rotation** – In the case of digital advertising inventory, rates are based on the length of each advertisement. Rotations can range from 8 seconds to 30 seconds (depending on average wait time in a given location) with out-of-home advertising agencies aiming to maximize the number of advertisers on each digital ad board.
- **Demand** – Premium units and high-traffic transit stations in the heart of cities may have a long list of advertisers waiting to display their message. The proximity of certain ads to airports, shopping centers, entertainment facilities, sports arenas, convention centers and other attractions also increases demand and price. Further, other events and timing make outdoor inventory more "precious" and can impact rates, such as large sporting events or beach adjacent inventory in the summer months.
- **Population** – Audience size will influence the cost.

The most important factors for the purposes of this valuation will be the size, design, frequency and location of all identification signage and any additional sponsor signage.

This section provides the following information:

- Asset Description;
- Sponsorship Opportunity;
- Term of Sponsorship; and
- Proposed Fair Market Value.

12.2 Freeway Service Patrol

The following table provides an overview of the proposed benefits and values which would be included in a sponsorship agreement for the Freeway Service Patrol.

Table 12.2.1

Asset	Freeway Service Patrol
Asset Description	Freeway Service Patrol Sponsorship
Sponsorship Opportunity	Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits: **Sponsor Signage Exposure** • Sponsor ID on Freeway Service Signs; • Sponsor ID on Freeway Service Vehicles; • Sponsor ID from Freeway Service Patrol Assists; **Digital Exposure** • Sponsor ID on metro.net; • Sponsor ID on LACMTA Social Media.
Term of Sponsorship	Due to the number of signs and the degree of brand integration, the proposed term of the sponsorship opportunity will be 10 years, in order to allow permanence in the Line name as it becomes part of the lexicon of the community and to visitors. The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.

Value Range: Freeway Service Patrol

The following table provides an overview of the proposed quantitative benefits which would be included in a sponsorship agreement for the Freeway Service Patrol:

Table 12.2.2 Freeway Service Patrol Sponsorship Valuation

Sponsor Signage Exposure	Weighted Impressions	Annual Benefit
Sponsor Exposure from Freeway Service Area Signage	7,539,373,920	$1,868,257
Sponsor Exposure from Freeway Service Vehicle Wraps	1,966,447,275	$943,895
Sponsor Exposure from FSP Assists; vehicles, uniforms, etc.	300,000	$354
Digital Exposure	Weighted Impressions	Annual Benefit
Sponsor ID on metro.net; multiple pages	3,575,000	$12,870
Sponsor ID on LACMTA Social Media; once per month	3,349,176	$21,472
TOTAL	**9,513,045,371**	**$2,846,848**

Revenue Potential

The Superlative Group calculates the fair market value range of the Freeway Service Patrol between $2.0 million and $3.0 million per annum. Assuming inclusion of an annual CPI escalator of 2.6%, the sponsorship for the Freeway Service Patrol could generate between $22.5 million and $33.8 million over a 10-year term. Typically, these types of sponsorships are agreed to in three- to seven-year terms, with renewal options. This does not impact the proposed annual value.

General Valuation Assumptions

Sponsor Signage Exposure

i. Sponsor ID will be included on Freeway Service Patrol signs throughout the service area, visible to traffic along the freeways.
ii. Sponsor ID will be included on Freeway Service Patrol vehicles.
iii. Sponsor ID will be included on Freeway Service Patrol uniforms.

Digital Exposure

iv. Sponsor will receive recognition on the current LACMTA website anywhere the Freeway Service Patrol is mentioned
v. Sponsor will receive recognition in LACMTA social media posts, assuming one post per month.

13 Risks & Contractual Issues

13.1 Overview

This section of the report provides an overview of potential risks and limitations that may impact the marketability of the assets and benefits of the Naming Rights and Corporate Sponsorship program for LACMTA. Section 13.3 and 13.4 below provides an overview of the main clauses that should be included in the draft Naming Agreement.

13.2 Risk Register

A risk register will be developed to identify, monitor and mitigate key risks and limitations associated with the Corporate Sponsorship/Naming Rights project. Project risks will fall under the following categories.

COVID-19

Risk	Risk Rating	Mitigation Factor(s)
Superlative was appointed by LACMTA in December 2019 prior to the COVID-19 outbreak, which resulted in severe restrictions on travel and significant economic uncertainty. There is a potential timing risk that delays to the COVID-19 shutdown could have a detrimental impact on the Naming Rights sales program. There is a potential economic risk that the valuations included in this report could be negatively impacted by the economic uncertainty.	Medium	It is anticipated that the current restrictions on movement will be lifted and the economic position will be more clear. Superlative's sales executives can recommend multiple strategies for capturing revenue during periods of economic uncertainty, which should assist LACMTA with mitigating any concerns with loss of revenue.

Signage/Advertising/Sponsorship Regulations

Risk	Risk Rating	Mitigation Factor(s)
It is important that all Naming Rights and sponsorship signage proposals comply with relevant City and State signage ordinances. As of 2017, the previous proposed Naming Rights policy for LACMTA was put on hold due to concerns pertaining to lack of control of asset names, reputational risks (see below) and other factors. LACMTA has the right to revisit this policy, which will be necessary in order to pursue Naming Rights campaigns for assets.	Medium	Superlative is consulting with LACMTA representatives to ensure that all proposed Sponsorship benefits included in the valuation are deliverable and legally compliant.

Reputational Risks

Risk	Risk Rating	Mitigation Factor(s)
Public trust may be damaged by Sponsorships that are aesthetically displeasing, politically oriented, inconsistent with LACMTA's objectives and core services, or otherwise inappropriate or offensive to the audience.	Low	All proposed sponsorships must comply with signage guidelines. The LACMTA Sponsorship Policy, being developed as part of this project, would provide further clarity regarding acceptable target sponsors. Also, see Section 13.4 for examples of Moral Turpitude clauses that address such concerns.

Legal Risk

Risk	Risk Rating	Mitigation Factor(s)
Lack of clarity regarding objectives and definitions of Naming Rights and Corporate Sponsorships.	Low	Thorough legal review of definitions by Superlative, LACMTA and target sponsor legal departments.
Lack of clarity regarding other legal aspects of the Naming Rights Agreement, such as definition of specific benefits, licenses to use Trademarks and Service Marks, Artworks and Signage costs, and resolution of disputes between LACMTA and any Naming Sponsor.	Low	Inclusion of a detailed Schedule of Rights and Benefits as an Appendix to the Naming Rights or Sponsorship Agreement. Signage designs and renderings should be agreed and included where possible.

Economic Risks

Risk	Risk Rating	Mitigation Factor(s)
Economic failure of a Naming Rights or Sponsorship partner during the term of an agreement	Low	LACMTA should carry out financial Due Diligence on any Naming Rights or Exclusive Partners prior to signature of any major agreement. This would include review of Group Financial Statements and third-party assessments.
Concern that a Naming Rights partnership does not provide adequate return for the proposed schedule of benefits.	Low	Value ranges for all Naming Rights and Sponsorships should be agreed before progressing with the sales phase. LACMTA should withdraw from negotiations with companies when negotiations reach the floor of the value range.

Policy Risks

Risk	Risk Rating	Mitigation Factor(s)
Lack of political backing for the proposed Naming Rights partnership.	Low	Engagement with LACMTA representatives and other key stakeholders should mitigate any potential political conflicts, both internal and external.
Divergence of support between LACMTA and other Stakeholders.	Low	Structured and regular communication channels at key stages of the sales process.

Project Delay

Risk	Risk Rating	Mitigation Factor(s)
Risk that a delay to construction of LACMTA facilities has a detrimental impact on the Naming Rights or Sponsorship sales program.	Medium	Timelines for construction of the LACMTA could fluctuate or be extended given the size/scope of the project, creating medium risk. However, this can be mitigated through regular progress reports and communication between LACMTA and Consultant.

All risks should be logged, monitored and updated as part of the monthly reporting procedure. Metro will need to work directly with key stakeholders to mitigate and eliminate these risks whenever possible.

13.3 Sample Term Sheet

As the nature of any Naming Rights agreement will differ, the terms of each sponsorship opportunity must be refined to the specifics of the program. The following example provides an overview of some of the important elements that we would expect to include. The LACMTA legal department and board will have final review and approval of any agreement.

Benefit Specifications

This section of the Agreement sets out the specifications of proposed signage and other exposure entitlements. LACMTA representatives will work with the Naming Rights Sponsor to develop the design of signage that includes the Naming Rights Sponsor name designation or logo. A schematic of the signage will be made available for review and must be approved by LACMTA. A summary of the proposed benefits is provided below. These will be discussed and agreed with the target Naming Rights partner and developed as a detailed Schedule to the Naming Rights Agreement.

Sponsor Signage Exposure

- Sponsor ID on Vehicle Exterior;
- Sponsor ID on Station & Shelter Signs;
- Sponsor ID within Vehicle Interior;
- Sponsor ID on Permanent Station Maps;
- Sponsor ID on Platform Ticket Vending Machines;

Sponsor ID in Additional Marketing Materials

- Sponsor ID on Published Schedules/Maps;
- Sponsor ID in Earned Media;

Digital Exposure

- Sponsor ID on LACMTA website;
- Sponsor ID on LACMTA Social Media;
- Sponsor ID on LACMTA Email Communications;
- Sponsor ID on GoMetro Mobile App.

Licenses to Use Trademarks and Service Marks

a. Subject to the terms of the Agreement and so long as the Naming Rights Sponsor is not in breach of any term or condition hereof, LACMTA may grant the Sponsor non-exclusive and royalty-free right to use trademarks/service marks/logos. Any and all materials produced by the Sponsor using the LACMTA marks would be submitted to LACMTA for review and prior approval, which approval shall not be unreasonably withheld or delayed.

b. All rights of approval of the use of a trademark, service mark, logo or other identification of a party (the "Marks") should be a continuing right so that any party may later object to the use of Marks that had been previously approved should circumstances change or other reasons arise that, in the reasonable judgment of the party objecting, make continued use potentially damaging to reputation or image of the Marks or to the objecting party.

c. All uses of Marks by a party shall inure to the benefit of the party granting the license in their own marks and not the licensee. No licensee should make any claim of ownership or other interest in any Mark licensed to them hereunder.

Artwork and Media Costs; Installation and Replacement Costs

a. **Artwork and Media Costs**. The Naming Rights Sponsor should bear the costs of the design and production of the initial signage. In the event the Sponsor determines it is necessary to engage a third party to assist in developing the artwork and media, the Sponsor will bear the third party's fees and other costs.

b. **Schematics of Signage**. In order for the Sponsor to develop the artwork and media associated with the facilities, LACMTA should provide the Naming Rights Sponsor with the schematics of the facilities upon execution of the Agreement.

c. **Installation**. LACMTA should install any signage developed by the Naming Rights Sponsor pursuant to this Agreement, at Sponsor's expense.

d. **Replacement**. The Naming Rights Sponsor should bear all costs of replacement or repair of the signage.

Payment of the Sponsor Fee

In return for the rights granted above, the Naming Rights Sponsor will pay to LACMTA:

(i) a fee in the amount of [x] Thousand Dollars ($[x]) being due within fourteen (14) days after execution of this agreement; and

(ii) (ii) [x] annual fee payments of [x] Thousand Dollars ($[x]) due and owing by [date] in each consecutive year, collectively, the "The Sponsor Fee". The total sum of The Sponsor Fee is [x] Thousand Dollars ($[x]) over the course of the Initial Term, which is defined below.

The Superlative Group recommends inclusion of a "Step Up" clause which would be invoked if/when major transit route additions are completed, resulting in a significant increase in ridership.

Term

The Term of this Agreement shall be for [x] years commencing on [date] and ending on [date] ("Term"). LACMTA agrees that the Naming Rights Sponsor shall have the sole and exclusive option to renew this Agreement, under terms acceptable to LACMTA, at the end of the Term. The Initial Term and any subsequent renewals are collectively referred to as the "Term".

Termination

Termination for Breach

The Agreement will state the initial term and timescales to exercise the option to extend under the same conditions as the original agreement. Termination would be invoked under the following examples:

i. Breach of a material term or condition of the Contract (30-day notification period);
ii. The Authority ceases to operate the program for any reason;
iii. If any governmental agency enacts or adopts any law, ordinance regulation or rule restricting or prohibiting the use of advertising on vehicles;
iv. Sponsor or any of its affiliates engages in business that does not conform with the restrictions set forth in this Agreement and/or any other restrictions and/or ordinances imposed by LACMTA and in effect during the Term, including, but not limited to, LACMTA's Advertising Guidelines.
v. Sponsor or any of its affiliates conducts itself in a way which damages the reputation of LACMTA or is likely to damage the reputation of LACMTA, either directly or by way of damaging the reputation of Sponsor. The determination of whether a Sponsor's activity damages or is likely to damage the reputation of LACMTA is in the sole discretion of LACMTA.
vi. Sponsor files any voluntary petition in bankruptcy, suffers the appointment of a receiver or trustee to be filed, suffers its assets to be sold to satisfy a judgment of any court, makes any assignment for the benefit of its creditors, or is the subject of any involuntary petition in bankruptcy.
vii. [Other – as agreed with LACMTA].

The notice of material breach or default should set out the act or omission giving rise to a breach of the Agreement and should specify in detail what is reasonably expected of the breaching party in order to cure the breach. If an alleged breach is a matter of dispute, the parties would attempt to resolve it under the terms of the Dispute Resolution Process Identified below.

Effect of Termination

Upon termination or expiration of the Agreement:

i. All rights to use the signage cease and LACMTA should remove all signage – at Sponsor's expense – from advertisements and other instances where LACMTA had been using signage prior to the termination; and
ii. All licenses granted in the Agreement would terminate.

Dispute Resolution Process

a. The Parties acknowledge that the establishment and operation of the affiliation would require an ongoing commitment by all parties to cooperate and make best efforts. Accordingly, the parties seek to resolve any disputes regarding the Agreement or any other terms of the Agreement. Any party may at any time issue a notice that a dispute exists if such Party believes that another Party has caused a material breach of the Agreement, or a situation or circumstance exists which frustrates, in a material manner, the achievement of the objectives of the Agreement. Such notice would start a process of Progressive Dispute Resolution, which would involve a good faith attempt to resolve the dispute for a period not to exceed one hundred twenty (120) days.

b. The agreement of the Parties to these Progressive Dispute Resolution procedures is for the benefit of the Parties and is not intended to create any legal, equitable, or beneficial interest in any third party or to vest in any third party any interest with respect to the enforcement of performance of these procedures.

c. The provisions of this clause would survive any termination, amendment or expiration of this Agreement unless all the parties hereto otherwise expressly agree in writing.

The agreement would also include provisions in relation to the following points:

- Warranties;
- Indemnities;
- Insurance coverage;
- Severability; and
- Governing Law

The specific terms of the agreement would be drafted and negotiated with the sponsorship partner as part of a potential sales program.

13.4 Examples of Moral Turpitude Clauses

As discussed with LACMTA during completion of this Study, below are several examples of Moral Turpitude clauses, designed to eliminate any potential damage to LACMTA's reputation, which should be included in some form in every Naming Rights and sponsorship agreement.

- During the Term of this Agreement and following the expiration of such, Naming Rights Partner agrees to conduct itself in the highest regard, and in accordance with reasonable public conventions and morals, and further agree and warrant that it shall not commit or engage in any act that is degrading to LACMTA, or causes public contempt, scorn, ridicule, or that will shock, insult or offend.

- LACMTA shall have the right to terminate this agreement and no refund shall be due Naming Rights Partner, in the event Naming Rights Partner take or make such act or actions that association with Naming Rights Partner would have a negative impact on the reputation and integrity of LAMCTA.

- If at any time, in the opinion of LACMTA, Naming Rights Partner becomes the subject of public disrepute, contempt, or scandal that affects Naming Rights Partner's image or goodwill, then LACMTA may, upon written notice to Naming Rights Partner, immediately suspend or terminate this Naming Rights Agreement and Naming Rights Partner's services hereunder, in addition to any other rights and remedies that LACMTA may have hereunder or at law or in equity.

14 Conclusions & Next Steps

14.1 Introduction

Sponsorship of LACMTA assets can provide additional revenue and in-kind support for LACMTA, and in return, the company receives greater brand recognition and enhanced advertising value. This report outlines the opportunities that should be considered by LACMTA for its TAP Card program. Please note that the revenue projections included in this study may be dependent on available inventory, quality of impressions and category exclusivity.

14.2 Proposed Values

TAP Card Program

If TAP Card Primary Sponsorship is sold at the high end of the ranges, The Superlative Group estimates the opportunity could generate more than $22.5 million over the life of the term, assuming inclusion of a 2.6% CPI escalator. Table 9.2.1 below breaks down the proposed fair market values for each of the studied assets.

Table 14.2.1

Asset	TAP Card Program
Annual Value	**Option A (Recommended): Primary Sponsor:** $1.5 million - $2.0 million **Option B: Advertising Program:** $400,000 - $750,000
Terms	10 years for Primary Sponsor Four weeks for advertisers
Total Revenue Potential[24]	**Primary Sponsor:** $22.5 million **Advertising Program:** $7.5 million
Target Categories	All categories: identified by size and marketing budget

Option A: Sponsorship Revenue Potential (Recommendation 1)
The Superlative Group proposes a value range of $1.5 million to $2.0 million per annum for Primary Sponsorship of the TAP Card program. Superlative recommends LACMTA pursue this option and target entities at the top of this value range, over a proposed term of 10 years. Assuming inclusion of a CPI escalator of 2.6%, this opportunity could generate between $16.9 million and $22.5 million over the life of the term. **(Recommendation 5)**

Option B: Advertising Revenue Potential
Alternatively, The Superlative Group estimates a four-week TAP advertising campaign could generate $100,000 to $125,000 for LACMTA. Assuming an estimated four to six campaigns per year, this opportunity could generate between $400,000 and $750,000 per annum, or maximum revenues of $7.5 million over a period of 10 years.

[24] Revenue potential shows the top of each value range over the proposed term, assuming an annual CPI escalator of 2.6%

Naming Rights and Sponsorship

The Superlative Group estimates the Naming Rights and Corporate Sponsorships for LACMTA assets could generate more than $665 million over the life of the terms, assuming inclusion of a 2.6% escalator for each deal. Table 14.2.2 below breaks down the proposed fair market values for each of the studied assets.

Table 14.2.2

Rail and Bus Lines	Value Per Annum		Total Over Term (25 years)	
Metro Line	**Low**	**High**	**Low**	**High**
A Line	$750,000	$1,250,000	$25,952,758	$43,254,597
B Line	$1,000,000	$1,750,000	$34,603,677	$60,556,435
C Line	$2,000,000	$2,750,000	$69,207,355	$95,160,113
L Line	$1,000,000	$1,750,000	$34,603,677	$60,556,435
D Line	$500,000	$1,000,000	$17,301,839	$34,603,677
E Line	$750,000	$1,250,000	$25,952,758	$43,254,597
G Line	$500,000	$1,000,000	$17,301,839	$34,603,677
J Line	$500,000	$1,000,000	$17,301,839	$34,603,677
Dodger Stadium Express	$250,000	$500,000	$8,650,919	$17,301,839
LAX FlyAway	$150,000	$300,000	$5,190,552	$10,381,103
TOTALS	**$7,400,000**	**$12,550,000**	**$256,067,212**	**$434,276,151**

Rail and Bus Stations	Value Per Annum		Total Over Term (10 years)	
Metro Station	**Low**	**High**	**Low**	**High**
Civic Center/Grand Park	$250,000	$500,000	$2,813,732	$5,627,464
Pershing Square	$250,000	$500,000	$2,813,732	$5,627,464
7th Street/Metro Center	$1,500,000	$2,000,000	$16,882,393	$22,509,857
Pico	$250,000	$500,000	$2,813,732	$5,627,464
TOTALS	**$2,250,000**	**$3,500,000**	**$25,323,589**	**$39,392,250**

Additional Stations	Value Per Annum	Value Over Term (10 years)	Quantity	Grand Total Potential
Highway	$250,000	$2,813,732	21	$59,088,372
Gold	$100,000	$1,125,493	24	$27,011,832
Silver	$50,000	$562,746	70	$39,392,220
TOTALS	**$400,000**	**$4,501,971**	**115**	**$125,492,424**

Other Metro Assets	Value Per Annum		Total Over Term (10 years)	
Metro Asset	**Low**	**High**	**Low**	**High**
Freeway Service Patrol	$2,000,000	$3,000,000	$22,509,857	$33,764,786
Metro Bike Share	$500,000	$1,000,000	$5,627,464	$11,254,929
Passageway at Union Station	$200,000	$300,000	$2,250,986	$3,376,479
Public Restrooms	$150,000	$250,000	$1,688,239	$2,813,732
Sierra Madre Villa Parking	$250,000	$500,000	$2,813,732	$5,627,464
Atlantic Parking	$75,000	$125,000	$844,120	$1,406,866
Irwindale Parking	$75,000	$125,000	$844,120	$1,406,866
APU/Citrus Parking	$50,000	$100,000	$562,746	$1,125,493
Arcadia Parking	$50,000	$100,000	$562,746	$1,125,493
La Cienega/Jefferson Parking	$50,000	$100,000	$562,746	$1,125,493
Monrovia Parking	$50,000	$100,000	$562,746	$1,125,493
Willow Parking	$50,000	$100,000	$562,746	$1,125,493
Expo/Sepulveda Parking	$25,000	$50,000	$281,373	$562,746
TOTALS	**$3,525,000**	**$5,850,000**	**$39,673,623**	**$65,841,333**

14.3 Conclusions

TAP Card Program

Transit ticketing technology is evolving rapidly on an industry-wide scale. As such, Superlative was able to find current benchmarks that demonstrate advertising on physical transit passes, but which was never a significant source of revenue for any transit agency, and therefore not a viable means of generating substantial revenue from corporate partners for LACMTA.

More importantly, LACMTA's TAP Operations Department, operations and other personnel have expressed concern about the perception of over-branding or corporatizing LACMTA assets from the general public. Therefore, a TAP Card advertising program is not the recommended solution. One of Superlative's best practices for transit pass advertising revenue generation, which can be found in Section 5 of the preceding report, states that in order to achieve financial success from an advertising program, LACMTA would need to launch multiple campaigns per year with various partners.

The limited revenue potential, complicated logistics and risk of negative public perception justify our recommendation that Primary Sponsorship of the TAP Card program is a simpler and more valuable approach to monetization of the asset **(Recommendation 1)**.

Naming Rights and Sponsorship

Due to the number of potential opportunities, should LACMTA decide to pursue Naming Rights and corporate sponsorship to transit assets, there will be a need to prioritize opportunities, based on the estimated revenue potential and most saleable opportunities. Superlative recommends that LACMTA prioritize opportunities as follows **(Recommendation 6)**:

Priority Opportunities

i. Metro Rail Lines;
ii. Metro Bus Lines;
iii. Freeway Service Patrol;
iv. Metro Stations; and
v. Metro Bike Share.

Second Tier Opportunities

vi. Passageway at Union Station;
vii. Public Restrooms; and
viii. Parking Garages.

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E-Signage Inventory
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Exhibit 13 – Rail Design Directive_Aerial_Center_Platform
Exhibit 14 – Rail Design Directive_At Grade Center
Exhibit 15 – Rail Design Directive_At Grade Side
Exhibit 16 – Rail Design Directive_Underground_Subway_Platform
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Definitions

Sponsor or Partner. A business or organization that pays a fee in exchange for the rights to a transit agency's marketable assets. Designation is subject to mutual agreement between the parties and can be interchangeable, although "partner" can sometimes denote longer-term commitments. Fees can include cash and in-kind products and services.

Asset. Any intellectual property owned and controlled by the transit agency. This can include attributes ranging from vehicles and stations to marketing collateral and social media.

Naming Rights. Providing a business or organization the right to change the name of the asset in exchange for a fee. Naming rights agreements generally range from five to 25 years to allow for ubiquity in the marketplace with regard to the name of the asset (e.g., the Sycuan Casino Green Line in San Diego).

Impression. A single exposure, such as from a logo, to human eyes.

Out-of-Home (OOH) Advertising. Esoteric term for outdoor advertising, such as billboards, typically used within the advertising industry. Typically abbreviated as "OOH" or shortened to "Out-of-Home" in certain contexts, "*some transit agencies have seen an increase in digital or mobile advertising integration as opposed to out-of-home*".

Link Kiosks or Links. Proprietary wireless kiosk system implemented by the out-of-home advertising agency Intersection. Each system includes an acronym for its respective city in its nomenclature; for example, LinkPHL in Philadelphia. Intersection's sister system in the United Kingdom is named InLink, but employs the same technology and nomenclature, InLinkUK, etc.

Abbreviations/Acronyms

APU – Azusa Pacific University
BRT – Bus Rapid Transit
BVG – Berliner Verkehrsbetrieben, Germany
CPI – Consumer Price Index
CPM – Cost per Thousand
FSP – Metro Freeway Service Patrol
GCRTA – Greater Cleveland Regional Transit Authority
HBO – Home Box Office
ID – Identification
LA – The City of Los Angeles
LACMTA of LA Metro – Los Angeles County Metropolitan Transit Authority
LAWA – Los Angeles World Airports
LAX – Los Angeles International Airport
LED – Light Emitting Diode
MBTA – Massachusetts Bay Transportation Authority
MCTS – Milwaukee County Transit System
New York MTA – New York Metropolitan Transit Authority
NFC - Near Field Communication technology
OIG – Office of the Inspector General
OMNY – One Metro New York, contactless fare system for New York MTA
OOH – Out-of-Home
OS – Operating System
RFID – Radio Frequency Identification Chip
RTC or RTCSNV – Regional Transportation Commission of Southern Nevada
RTD – Regional Transit District, Colorado
San Diego MTS – San Diego Metropolitan Transportation System

SEPTA – Southeastern Pennsylvania Transit Authority
STO – Société de transport de l'Outaouais, Quebec
Superlative – The Superlative Group
SUV – Sport Utility Vehicles
TAP – Transit Access Pass
TVM – Ticket Vending Machine
UK – United Kingdom
USB – Universal Serial Bus
WiFi – Wireless Networking
WMATA – Washington Metropolitan Area Transit Authority

B Transit Naming Rights Branding Examples

Example 1: University of California – San Diego Blue Line – San Diego MTS

The University of California – San Diego purchased Naming Rights to the San Diego MTS Blue Line Trolley system in 2015. The Line runs through downtown San Diego to the southern suburbs near UCSD's campus. A future route extension will also extend into the campus; which is expected in 2018. The University agreed to pay a total of $28 million over a 30-year term. The University's yearly fee is reduced in the first four years of the agreement, and then increases by nearly 40% in the final years to account for expected increased ridership and the naming of three on-campus rail stops along the route extension.

Figure 1: Rendering of UC-San Diego Blue Line Vehicle Branding

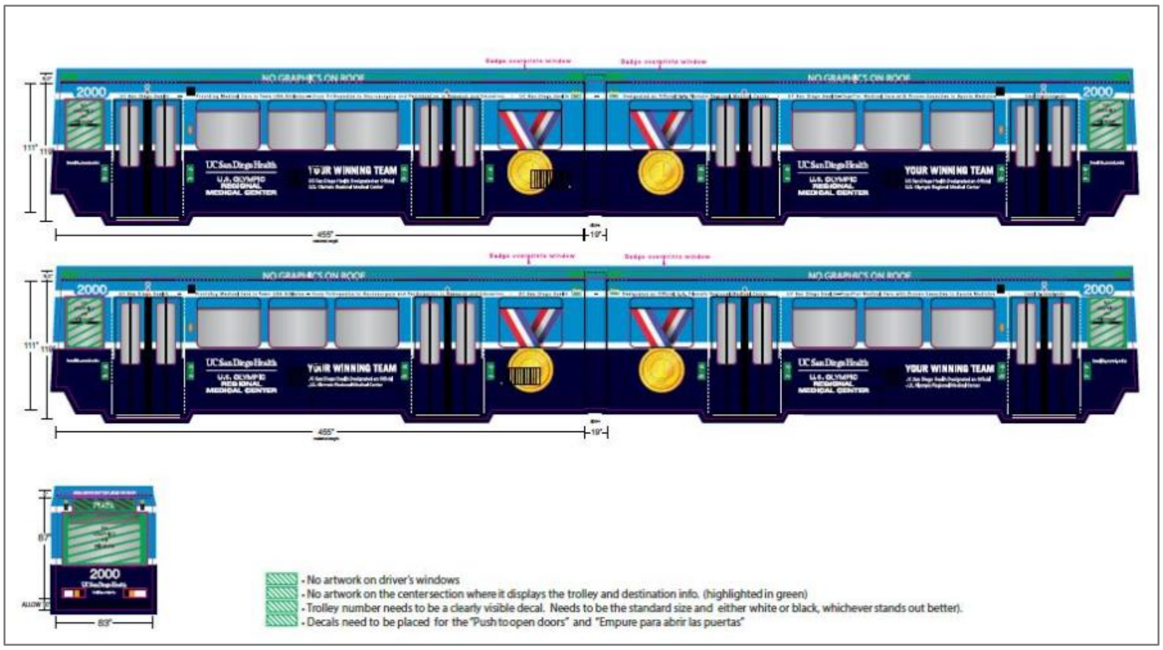


Figure 2: Example of UC-San Diego Branding on MTS Trolley Maps within the Vehicle

Figure 3: Future UC-San Diego On-campus Trolley Stop Branding

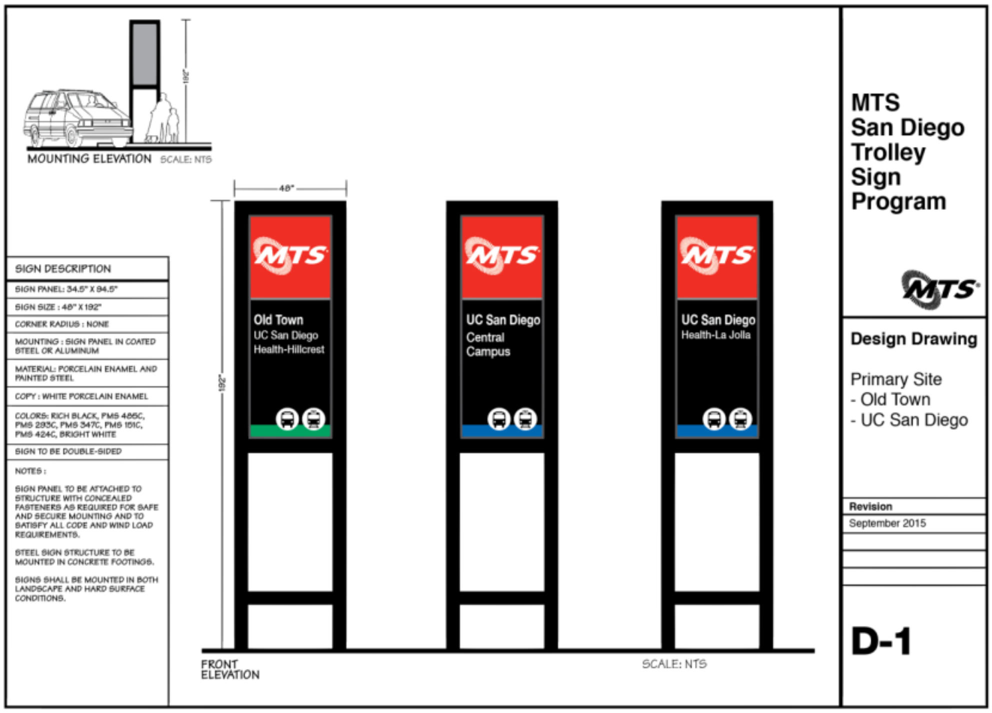


Figure 4: UC-San Diego Blue Line Timetable Branding

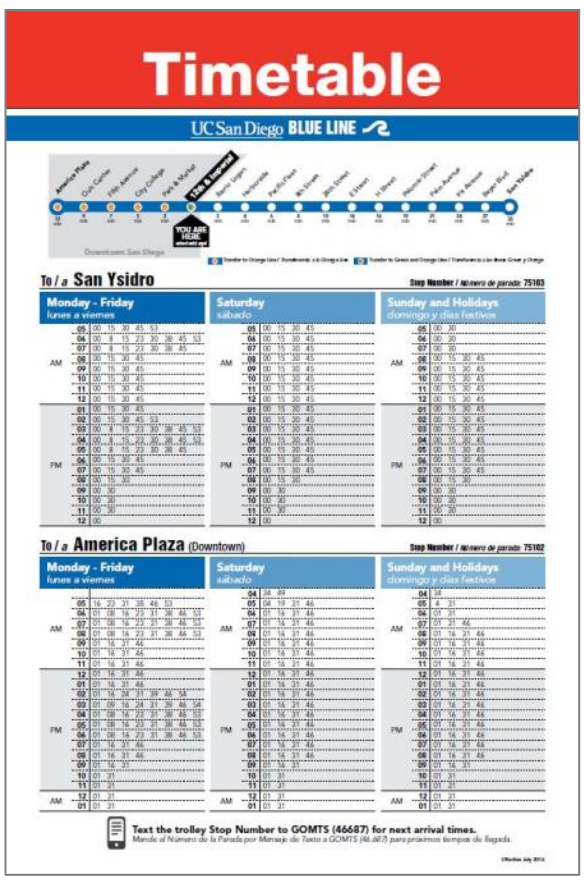
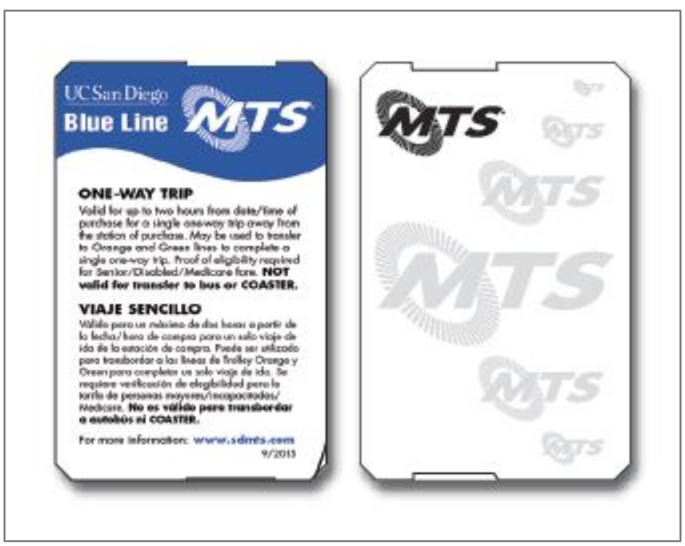


Figure 5: San Diego MTS Printed Pocket Trolley Guides – UC-San Diego Branding

Figure 6: UC-San Diego Blue Line One-Way Ticket



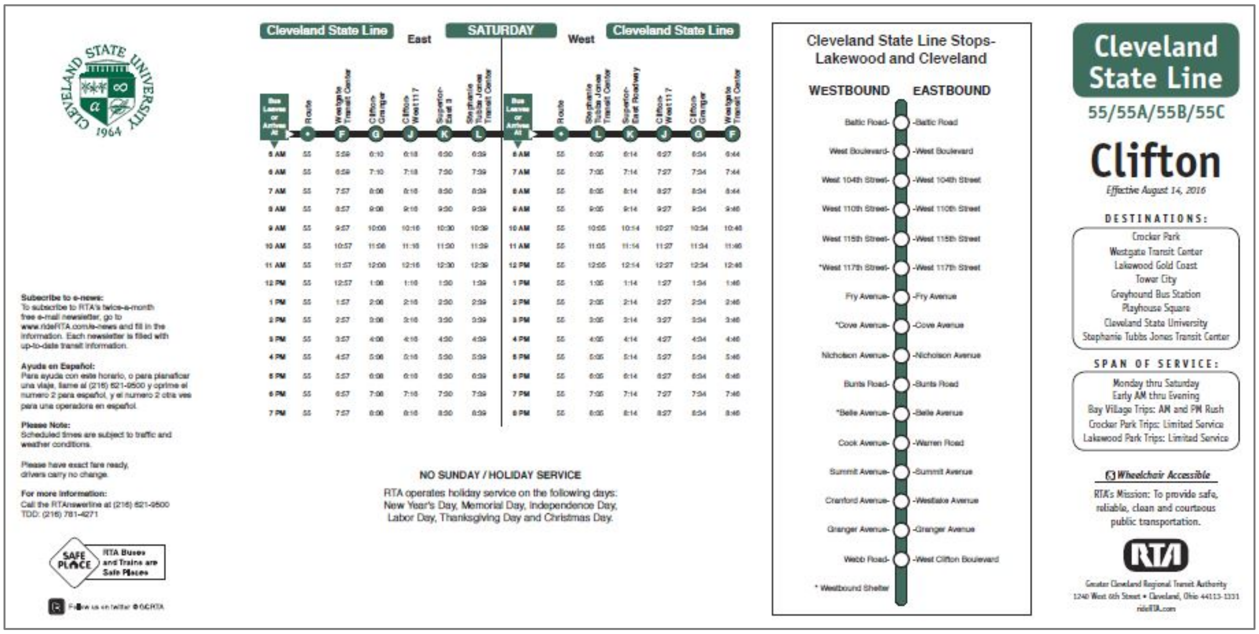
Example 2: Cleveland State Line – Greater Cleveland RTA

Cleveland State University purchased the Naming Rights to the GCRTA West Shore Express BRT Line in 2008. The route, which runs on three branches and connects the western suburbs of Cleveland to the Downtown Core, passes by several local high schools. Cleveland State – with a large commuter student population – found the proximity of the line to these schools attractive as a potential recruitment tool and agreed to pay the RTA $6.1 million over a 25-year term. Cleveland State also receives signage at two major transit centers, 19 bus stations, 32 bus shelters and 243 bus stops.

Figure 7: Example of Cleveland RTA Cleveland State University West Shore Express BRT Branding

Figure 8: Cleveland State Line BRT Vehicle Branding

Figure 9: Example of Cleveland State Line Timetable Branding



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Ayuda en Español:
Para ayuda con este horario, o para planificar una viaje, llame al (216) 621-9500 y oprime el numero 2 para español, y el numero 2 otra vez para una operadora en español.

Please Note:
Scheduled times are subject to traffic and weather conditions.

Please have exact fare ready, drivers carry no change.

For more information:
Call the RTAnswerline at (216) 621-9500
TDD: (216) 781-4271

SAFE PLACE RTA Buses and Trains are Safe Places

Follow us on twitter @GCRTA

Cleveland State Line — East — SATURDAY — West — Cleveland State Line

Bus Leaves or Arrives At	Route	F Westgate Transit Center	G Clifton-Granger	J Clifton-West 117	K Superior-East 3	L Stephanie Tubbs Jones Transit Center	Bus Leaves or Arrives At	Route	L Stephanie Tubbs Jones Transit Center	K Superior-East Roadway	J Clifton-West 117	G Clifton-Granger	F Westgate Transit Center
5 AM	55	5:59	6:10	6:18	6:30	6:39	6 AM	55	6:05	6:14	6:27	6:34	6:44
6 AM	55	6:59	7:10	7:18	7:30	7:39	7 AM	55	7:05	7:14	7:27	7:34	7:44
7 AM	55	7:57	8:06	8:16	8:30	8:39	8 AM	55	8:05	8:14	8:27	8:34	8:44
8 AM	55	8:57	9:06	9:16	9:30	9:39	9 AM	55	9:05	9:14	9:27	9:34	9:46
9 AM	55	9:57	10:06	10:16	10:30	10:39	10 AM	55	10:05	10:14	10:27	10:34	10:46
10 AM	55	10:57	11:06	11:16	11:30	11:39	11 AM	55	11:05	11:14	11:27	11:34	11:46
11 AM	55	11:57	12:06	12:16	12:30	12:39	12 PM	55	12:05	12:14	12:27	12:34	12:46
12 PM	55	12:57	1:06	1:16	1:30	1:39	1 PM	55	1:05	1:14	1:27	1:34	1:46
1 PM	55	1:57	2:06	2:16	2:30	2:39	2 PM	55	2:05	2:14	2:27	2:34	2:46
2 PM	55	2:57	3:06	3:16	3:30	3:39	3 PM	55	3:05	3:14	3:27	3:34	3:46
3 PM	55	3:57	4:06	4:16	4:30	4:39	4 PM	55	4:05	4:14	4:27	4:34	4:46
4 PM	55	4:57	5:06	5:16	5:30	5:39	5 PM	55	5:05	5:14	5:27	5:34	5:46
5 PM	55	5:57	6:06	6:16	6:30	6:39	6 PM	55	6:05	6:14	6:27	6:34	6:46
6 PM	55	6:57	7:06	7:16	7:30	7:39	7 PM	55	7:05	7:14	7:27	7:34	7:46
7 PM	55	7:57	8:06	8:16	8:30	8:39	8 PM	55	8:05	8:14	8:27	8:34	8:46

NO SUNDAY / HOLIDAY SERVICE

RTA operates holiday service on the following days:
New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Cleveland State Line Stops-
Lakewood and Cleveland

WESTBOUND	EASTBOUND
Baltic Road	Baltic Road
West Boulevard	West Boulevard
West 104th Street	West 104th Street
West 110th Street	West 110th Street
West 115th Street	West 115th Street
*West 117th Street	West 117th Street
Fry Avenue	Fry Avenue
*Cove Avenue	Cove Avenue
Nicholson Avenue	Nicholson Avenue
Bunts Road	Bunts Road
*Belle Avenue	Belle Avenue
Cook Avenue	Warren Road
Summit Avenue	Summit Avenue
Cranford Avenue	Westlake Avenue
Granger Avenue	Granger Avenue
Webb Road	West Clifton Boulevard

* Westbound Shelter

Cleveland State Line
55/55A/55B/55C

Clifton
Effective August 14, 2016

DESTINATIONS:
Crocker Park
Westgate Transit Center
Lakewood Gold Coast
Tower City
Greyhound Bus Station
Playhouse Square
Cleveland State University
Stephanie Tubbs Jones Transit Center

SPAN OF SERVICE:
Monday thru Saturday
Early AM thru Evening
Bay Village Trips: AM and PM Rush
Crocker Park Trips: Limited Service
Lakewood Park Trips: Limited Service

Wheelchair Accessible

RTA's Mission: To provide safe, reliable, clean and courteous public transportation.

RTA

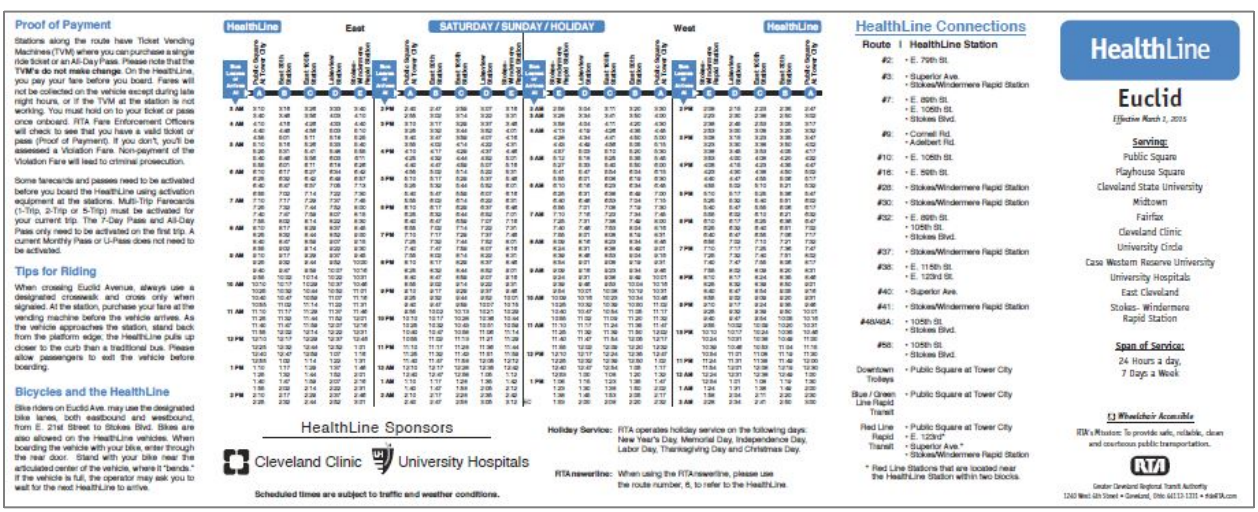
Greater Cleveland Regional Transit Authority
1240 West 6th Street • Cleveland, Ohio 44113-1331
rideRTA.com

Example 3: HealthLine – Greater Cleveland RTA

The Euclid Corridor BRT Line was renamed the “HealthLine” through a partnership between the Greater Cleveland RTA and two major hospital systems in the area – University Hospitals and the Cleveland Clinic. The route connects downtown Cleveland to neighborhoods to the east, including University Circle and East Cleveland, where the UH and Clinic campuses are located. The competing hospitals agreed to each pay half of the $11 million total commitment over a 20-year term. In addition, several stops along the HealthLine have also been sold, for a total of $1.5 million over 10-year terms.

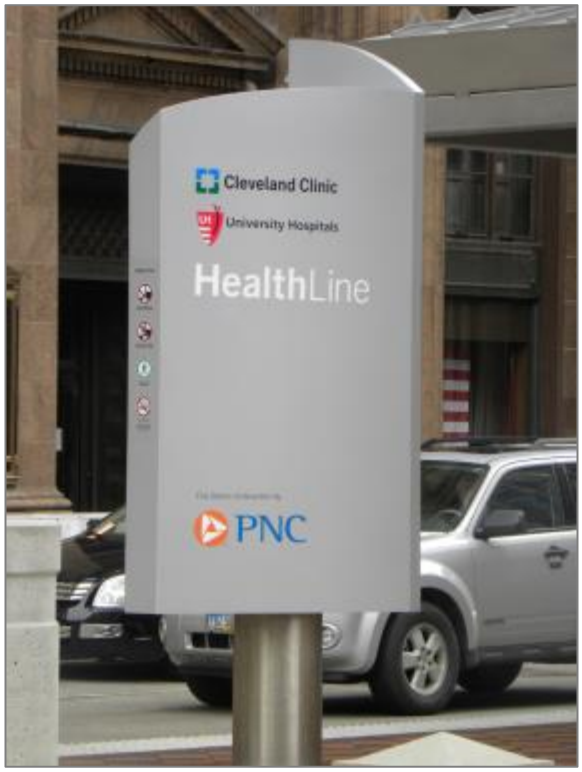
Figure 10: HealthLine BRT Vehicle Branding

Figure 11: Example of HealthLine Timetable Branding



Figures 12 and 13: Examples of Bus Stop Underwriting – Cleveland RTA HealthLine

(PNC Bank is located at the E. 6th Street Station)



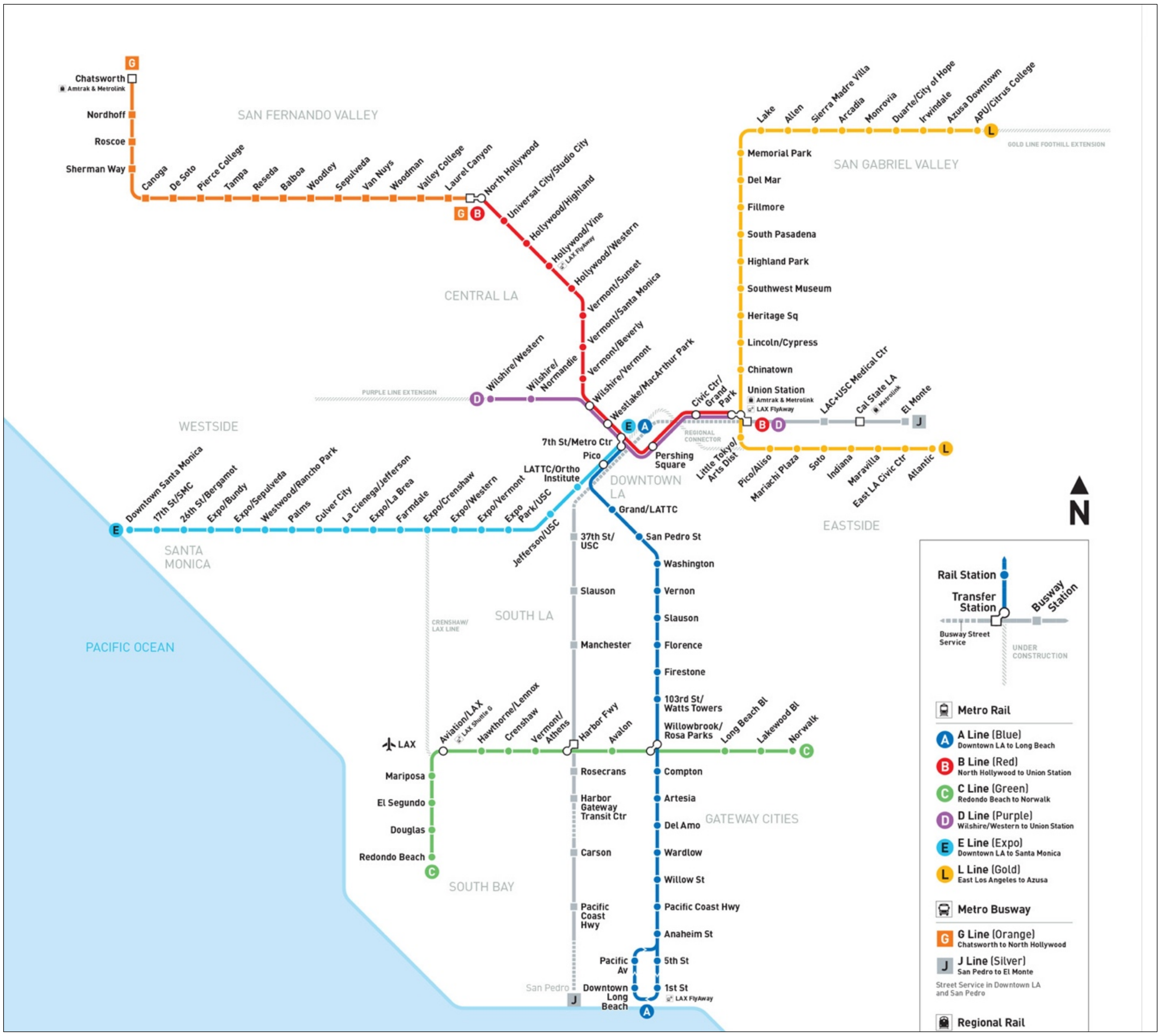
C Schedule of Report Findings and Recommendations

The following table provides highlighted recommendations based on the TAP Card Advertising and Sponsorship Feasibility study completed by The Superlative Group. To best understand these recommendations, please refer to the preceding report produced by The Superlative Group for this study. The reports explain the background, objectives, methodology and results of the study in detail.

TAP Card and Sponsorship Consulting Recommendations						
Rec. #	**Recommendation Description**	**Related Findings #**	**Assigned Staff in Charge**	**Agree or Disagree**	**Proposed Action**	**Est. Date Completion**
1	LACMTA should pursue a holistic sponsorship program for TAP Card assets in lieu of individual advertising campaigns identified in Tasks 1-3, 5-6 of the Superlative agreement. This is supported by numerous industry benchmarks and best practices.	Sections 1.5; 5.3 & 5.4; 7.6; 14.3				
2	A TAP Card sponsorship program should bundle assets identified in Tasks 1-3, 5-6 of the Superlative agreement. Benefits could include: • Sponsor recognition on TAP Cards • Sponsor recognition on physical ticket vending machines and assets (e.g., digital screens, readers) • Sponsor recognition on Metro website, social media accounts and mobile app (once launched) This is supported by the results of Superlative's valuation process.	Sections 5 & 7				
3	Sponsor recognition on Ticket Vending Machine kiosks should be limited to two seconds maximum.	Section 5.3				
4	TAP Card personalization could be offered for a fee. TAP Cards are already personalized for a fee but revenue is captured by third parties.	Section 6.3				

	Superlative recommends a range of $4.50 to $8 surcharge per purchase.					
5	The Superlative Group proposes a value range of $1.5 million to $2.0 million per annum for Primary Sponsorship of the TAP Card program over a proposed term of 10 years. Assuming inclusion of a CPI escalator of 2.6%, this opportunity could generate between $16.9 million and $22.5 million over the life of the term.	Sections 1.5, 5.3 & 14.3				
6	Draft asset list that Metro and its leadership would be willing to monetize via Naming Rights and/or Corporate Partnerships. Assets could include: • Metro Rail • Metro Bus • Stations • Freeway Service Patrol • Metro Bike Share • Passageway at Union Station • Public restrooms • Parking garages	Sections 8-12; 1.5; 14.3				
7	Superlative recommends that LACMTA pursue third-party partnerships for an app-based payment solution that could reduce agency overhead expenses such as physical TAP Card bulk purchasing, printing and distribution.	Section 5.2				

D LACMTA System Map



E Transit Naming Rights Benchmarks

Transportation Sector Benchmarks – Lines

ASSET	AGENCY	SPONSOR	PRICE	START DATE	DURATION (YEARS)	AVG PRICE PER YEAR	OTHER BENEFITS/COMMENTS
Light Rail Blue Line	San Diego MTS	University of California, San Diego	$30,000,000	2015	30	$1,000,000	Also includes naming rights to (3) major Light Rail stations and highway overpass signage
Light Rail Green Line	San Diego MTS	Sycuan Casino	$25,500,000	2017	30	$850,000	10-year initial term with 10-year renewal option. Includes right to parking lots for casino shuttles
BRT Line	Greater Cleveland RTA	University Hospitals and Cleveland Clinic	$11,000,000	2008	20	$550,000	Currently selling 10-year station sponsorships for $300,000 each. 5 have been sold
Milwaukee Hop Streetcar	City of Milwaukee	Potawatomie Casino	$10,000,000	2017	12	$833,333	Naming rights include underwriting all rides for the first year of operation
Streetcar Line	M-1 Rail (Detroit)	Quicken Loans	$10,000,000	2016	Perpetuity	-	Part of $10 million capital investment in Downtown Detroit infrastructure
PULSE BRT	Greater Richmond Transit	VCU Health System and Bon Secours Richmond Health System	$6,375,000	2018	15	$425,000	The two health systems split a $425,000 annual fee
BRT Line	Greater Cleveland RTA	Cleveland State University	$6,100,000	2014	28	$217,857	$150,000 per year with 2.9% escalator; CSU also receives signage at (2) major transit centers, (19) bus stations, (32) bus shelters and (243) bus stops
A Line Commuter Rail	Denver Regional Transportation District	University of Colorado	$5,000,000	2015	5	$1,000,000	Also includes ads on the Flatiron Flyer bus rapid transit line. Optional 5-year extension
BRT Line	Greater Cleveland RTA	MetroHealth	$4,200,000	2017	25	$168,000	
Streetcar Line	Southwest Ohio Regional Transit Authority (Cincinnati)	Cincinnati Bell	$3,400,000	2016	10	$340,000	
The Rapid	Interurban Transit Partnership (Grand Rapids, MI)	Grand Valley State University	-	2016	Perpetuity	-	GCSU helps fund the operations of the Lake Line bus shuttle that runs through its campus

Transportation Sector Benchmarks – Stations

ASSET	AGENCY	SPONSOR	PRICE	START DATE	DURATION (YEARS)	AVG PRICE PER YEAR	OTHER BENEFITS/COMMENTS
Transbay Transit Center	Transbay Joint Powers Authority (San Francisco)	Salesforce	$110,000,000	2017	25	$4,400,000	Naming Rights include transit center and 5.4-acre rooftop park; connected to Salesforce headquarters; fee includes step-up clauses as rail/bus services expand
Monorail station at Convention Center	Las Vegas Monorail Company	Nextel	$50,000,000	2004	12	$4,166,667	Terminated in 2008 after Monorail failed to deliver ridership projections
Station	Southeastern Pennsylvania Transportation Authority (Philadelphia)	NRG	$5,250,000	2018	5	$1,050,000	Previously named AT&T Station for $5 million over 5 years
Station	Southeastern Pennsylvania Transportation Authority (Philadelphia)	Thomas Jefferson University Hospital	$4,000,000	2014	5	$800,000	Station naming with an option to renew for $2.4 million over 4 years
Atlantic Ave & Pacific St Stations	Metropolitan Transportation Authority (New York)	Barclays	$4,000,000	2009	20	$200,000	Paid by Barclays Center Developer
Station	Greater Cleveland RTA	Cuyahoga Community College	$500,000	2018	10	$50,000	
Station	Dallas Area Rapid Transit	Southern Methodist University	$463,000	2019	10	$46,300	
Station	Sacramento Regional Transit District	UC Davis Health	$328,000	2019	10	$32,800	$30,000 per year with a 2% escalator
Station	Greater Cleveland RTA	Medical Mutual	$300,000	2009	10	$30,000	
Station	Niagara Frontier Transportation Authority (Buffalo)	Evans Bank	$160,000	2019	5	$32,000	
Station	Niagara Frontier Transportation Authority (Buffalo)	Merchants Insurance	$160,000	2019	5	$32,000	

ATTACHMENT B - REVISED

Commercial Sponsorship and Adoption Policy

POLICY STATEMENT

Commercial Sponsorship and Adoption is a form of advertising in which entities will compensate Metro in order to be associated with certain Metro facilities, services, programs, or events. Compensation to Metro can include, but is not limited to: monetary payments; resources and finance; payment-in-kind; value-in-kind to develop new facilities, services, programs, or events; or, funding to operate and enhance existing facilities, services, programs, or events.

Through implementation of the Commercial Sponsorship and Adoption Policy ("Policy"), Metro seeks to establish guidelines to execute a responsible and consistent process regarding Sponsorship and Adoption business activities. Metro's Communications department administers the Commercial Sponsorship and Adoption Program ("Program") as part of its overall responsibility of revenue-generating advertising and Metro's overarching goal of partnering with businesses on activities that can increase mobility and brand awareness for customers in the Los Angeles region.

As sponsorship is a form of advertising, the Program will adhere to Metro's System Advertising Policy (COM 6) and apply the same content restrictions in considering sponsors' core business, brand, and services. Commercial Sponsorship and Adoption may impact Metro facilities, services, programs, amenities, or events. As Metro facilities, services, programs and events have already been named, the program will also adhere to Metro's Property Naming Policy (COM 11) and apply the same public outreach processes and principles pertaining to area location, neighborhood identity and system legibility in considering sponsors' core business, brand, and services.

PURPOSE

Through implementation of this Policy, Metro seeks to establish guidelines regarding Commercial Sponsorship and Adoption of Metro services, facilities, amenities, programs and events.

Goals and Principles
This Policy will set direction for how Metro plans and implements Commercial Sponsorship and Adoptions on the Metro system. Specific Program goals include (in no particular order):

- **Generate long-term revenues to support agency programs and initiatives**
  Metro has the fiscal responsibility to maximize the utilization of available resources effectively and efficiently to create long-term, agency-generated revenues. Furthermore, diversifying Metro's revenue sources prepares the agency for future economic shortfalls and unexpected agency impacts.

- **Enhance service and/or amenities that improve customer experience**
  Partnerships with local businesses and entities may offset costs of desired customer amenities, such as technology (Wi-Fi, mobile charging stations), commerce (vending kiosks, retail), and convenience (food trucks, parcel pickup). These partnerships allow Metro to focus on operating a world-class transit system while specialist(s) provide amenities enhancing the customer experience.

- **Position corporate social responsibilities towards equity-focused communities**
  Metro can create more opportunities to promote small, disadvantaged and disabled veteran business enterprises through commercial programs by allowing them involvement in the system. Concurrently, corporate entities may provide equity opportunities to communities through Metro's program.

PROCESS AND PROCEDURE

Eligible Agency Assets
Metro is the transportation planner and coordinator, designer, builder and operator of a large and expanding transit system. The infrastructure capital investment and other assets are significant within Metro's county-wide system of bus, rail, and other services; property portfolio; numerous facilities; programs and events. The various facilities, programs, and services that may be eligible for sponsorships and adoption are:

- **Facilities** – Any rail station or bus stop, parking lots and parking structures, regional facilities, maintenance buildings and other structures, Metro headquarters building, and any other property owned, leased, managed or operated by Metro. Example facilities include Pico Station, Sierra Madre Villa parking structure, and El Monte bus station.

- **Transit Services** – Any light & heavy rail lines, bus service lines & routes, transitway service lines & routes, and any mode of transit service owned, leased, managed or operated by Metro. Example transit services include A Line, E Line, and Dodgers Stadium Express.
- **Programs** – Selected established Metro-operated effort/initiative for the benefit of customers and communities that Metro serves, generally in the form of customer service actions and functions. Example programs include Freeway Service Patrol and Metro Micro.
- **Events** – Selected one-time, seasonal, or annual event initiated, partnered with, coordinated by, or conducted by Metro. Example events include Older Adult Expo and Faith Leaders Roundtable.

Program Models

Metro will engage in two types of program models, Adoptions and Sponsorships. Within these two models, proposals may include bespoke packages of varying marketing techniques and tactics; proposals may combine financial payments and value-in-kind amenities; or only provide financial payments or only provide value-in-kind amenities. <u>Metro defines amenities as selected resource, feature, or utility that may provide additional enhancement to an established Metro facility, station, or stop. Examples amenities may include technologies such as mobile data and Wi-Fi services, commerce such as retail and vending machines, and convenience such as restrooms.</u>

- **Adoption** - A partnership between Metro and a third party, which provides <u>benefit to Metro riders</u> in the form of sponsored amenities, services, equity opportunities, and customer experience improvements. In an Adoption, third parties may provide resources and/or financing, payment-in-kind, or value-in-kind to develop operating or new facilities, services, programs, or events. Examples: providing free Wi-Fi to a particular station, funding additional maintenance to a particular station.

- **Sponsorship** - A partnership between Metro and a third party, which provides <u>benefit to Metro</u> in the form of financial payments - revenues from sponsorships may be directed towards Metro programs and initiatives. In a Sponsorship, a third party may provide resources and funding, payment-in-kind, or value-in-kind to develop operating or new facilities, services, programs, or events. Examples: temporary station name take-over, long-term media buyouts of a particular station or facility.

Terms and Durations

Sponsorships and Adoptions can take on various forms of advertising in which companies contract with Metro to associate their name, identity and branding with facilities, services, programs or events. Metro may engage in Temporary, Short-Term, and Long-Term Sponsorships that provide value and benefit both parties.

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.

- **Temporary** – Sponsorship lasting a maximum of six months for assets such as transit services, programs, events, and amenities or temporary station name take-overs.
- **Short-term** – Sponsorship lasting a minimum of six months with a maximum length of two years for agency assets such as transit services, programs, events, and amenities.
- **Long-term** – Sponsorship lasting greater than two years with a maximum length of ten years for agency assets such as facilities, transit services, programs, events, and amenities may be considered for long-term sponsorships. <u>The renaming of a facility or station requires a five year minimum commitment.</u>

Eligibility and Criteria
In line with Metro's System Advertising Policy (COM 6), business entities selling products or services in the prohibited categories will not be considered for participation in the Program including Alcohol, Tobacco and Electronic Cigarettes, Adult Entertainment and Content, Arms/Guns and Weapons, Political Parties, Political Groups, Political Organizations, and Political Candidates or Campaigns, causes (including Religious Groups and Religious Associations, social advocacy groups, lobbyist, etc).

Metro shall consider Sponsorships and Adoptions with qualified entities meeting these criteria:

- Businesses already established in the U.S. or have fulfilled all legal requirements and compliance to establish a business within the U.S.;
- Businesses must establish current financial stability as well as financial stability for the five years prior to proposal submission;
- Businesses with current responsible practices and positive business history within the last five years prior to proposal submission;
- Businesses with satisfactory record of contractual performance within the last five years prior to proposal submission;

- Businesses must not have been awarded a Metro contract as a prime contractor six months prior to proposal submittal. Businesses will also not be considered for Metro contract as a prime contractor six months following proposal submittal.

Proposal Review Committee
A Proposal Review Committee will be established to review and vet each proposal submitted to the agency. The Proposal Review Committee will be managed by Marketing with concurrence from the Chief Communications Officer and will be composed of stakeholder departments to provide feedback and advisory recommendations for Board review and approval. Committee members may include, but not limited to:

- **Compliance Panel** - The Compliance Panel ensures interested sponsors are in compliance with Metro policies and do not discriminate nor pose a conflict of interest. The Compliance Panel does not score on the proposal, but provide review and comment on the sponsoree, the Compliance Panel may include:
  - Civil Rights
  - Ethics
  - Legal Counsel
  - Office of Inspector General
  - Vendor/Contract Management

- **Evaluation Panel** - The Evaluation Panel reviews and scores each proposal based on the Evaluation Criteria. The Evaluation Panel may be composed of scoring and non-scoring members that provide comments but do not participate in scoring; comments and recommendations are submitted to CEO and the Board for final review and approval, the Evaluation Panel may include:
  - Communications (Arts & Design, Community Relations, Marketing, Public Relations)
  - Countywide Planning (Real Estate, Systemwide Design)
  - Customer Experience
  - Equity & Race
  - Respective Asset or Program Owner

Evaluation and Criteria
If a business meets all Eligibility and Criteria, Metro will take into consideration the financial offers and implementation proposals. The Proposal Review Committee will score proposals based on the following evaluation criteria:

- Alignment with Metro's existing brand and agency mission, themes, and priorities

- Innovative sponsorship and business plan(s) that address value-transfers and potential customer experience enhancements
- Reach of cross promotion between Metro and Sponsor/Adoptee, providing Equity Opportunity activities for Metro communities and riders
- Financial offer, including total value and duration, payment options, and package offerings
- Determination of conflicts of interest based on other business activities with Metro

Corporate Responsibilities
All costs related to Sponsorship/Adoption activities of an existing facility, service, or program – including, but not limited to, the costs of replacing affected signage and customer information collateral, Metro materials, media materials, and Metro staff labor – shall be borne by the Adoptee/Sponsor.

Metro expects Sponsorship and Adoption partners to remain in good financial stability and to conduct responsible business practices for the duration of granted Sponsorship/Adoption. Metro may terminate granted Sponsorship/Adoption with partners who fails to maintain these financial and business requirements.

All granted Sponsorship/Adoption must respect and adhere to Metro’s System Advertising Policy and Metro’s Property Naming Policy.

Equity Opportunity and Community
Metro’s mission is to provide a world-class transportation system that enhances quality of life for all who live, work and play within LA County. Under its Equity Platform, Metro recognizes that access to opportunities – including housing, jobs, education, mobility, and healthy communities – is critical for enhanced quality of life. Metro also recognizes that vast disparities exist in access to opportunities and strives to identify and implement projects or programs that reduce and ultimately eliminate those disparities.

Sponsors must include Equity Opportunity in each proposal - which will be scored in the Evaluation Criteria; however, sponsors should consider the qualitative engagement rather than the quantitative engagement within their proposal. While Metro sponsorships will vary, all sponsorships will advance Metro’s mission by supporting Equity Opportunity to:

- Increased access to opportunities
- Removal of barriers to access
- Partnership with local communities

Acceptable partnerships will vary. Examples include:

1. Connecting communities to healthy food especially when they lack such options via the provision of gift cards to grocery stores or health snacks at a community event
2. Promoting safety in high injury areas via bike helmet or bike safety light giveaways
3. Supporting community events via hosting a Wi-Fi hot spots or cooling station

Process and Implementation

Metro may negotiate Sponsorships and Adoptions directly or contract with outside specialist(s) to liaison, negotiate and manage Sponsorships.

Metro's Right of Rejection

Metro and its authorized sponsorship specialist(s) will screen all proposals, Metro reserves the right to reject any Sponsorships submitted for consideration. Decisions regarding the rejection or termination of Sponsorships are made by the Metro Chief Communications Officer or their designee based upon the criteria in this Policy statement.

System Integration

Metro has an established transit system with known nomenclature, customer information, and service names, thus, coordination with stakeholder departments will be critical to:

- Conclude acceptable enhancements to system facilities affecting customer experience - such as station identity, signage wayfinding.
- Establish reasonable implementation schedules and deliverables - such as those affecting operational logistics in stations, trains, and buses; fabrication logistics such as signage, and customer information materials.

Public Information

All granted Sponsorship/Adoption are subject to the provisions of the California Public Records Act (California Code Government Code §6250 et seq.), including monies paid to Metro.

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2021-0071, **File Type:** Motion / Motion Response **Agenda Number:** 40.1.

REGULAR BOARD MEETING
FEBRUARY 25, 2021

Motion by:

DIRECTOR BUTTS

Related to Item 40: Commercial Sponsorship and Adoption Policy

The new advertising policy in general makes sense, it's when you deal with the uniqueness of "destination" stations that the policy needs to give greater attention to avoid station take-overs or dominations at in-opportune times or durations.

I understand why station take-overs can be very beneficial for smaller stations, but some stations need to be managed differently, for example stations like the existing Santa Monica terminus or the future Crenshaw La Brea Station or the AMC station at 96th street when events such as the Super Bowl, World Cup and the Olympics occur. In some situations "take-overs" or dominations should not be longer than 3 months and should be reviewed by the Board in terms of the timing of major cultural and sporting events taking place nearby as already reflected in the existing contract language for Metro's Rail Advertising vendor dating back to September 2017.

This will alleviate the need to lower the $500,000 dollar threshold for review because it would take at least six months to generate $500,000 dollars in advertising revenue for a station domination. The Board can then decide if they want to allow for a sponsorship based on timing and not content. This also takes care of having to single out specific stations, because all stations will be subject to this policy

I would urge the Board to use the existing contract language reflected below regarding the 90-day maximum duration for all short-term station advertising.

SUBJECT: AMENDMENT TO COMMERCIAL SPONSORSHIP AND ADOPTION POLICY

RECOMMENDATION

I, therefore move, that we amend the language in the proposed policy under "Temporary Sponsorship" to put in place the 90-day maximum short-term duration for all station dominations, station naming and sponsorships unless approved by the Board to go beyond 90 days as currently reflected in contract language 8.6.2.of Metro's Rail Advertising vendor, Intersection.

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