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**Agenda - Final**

**Thursday, August 20, 2020**

**11:30 AM**

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## **Executive Management Committee**

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*Sheila Kuehl*

*John Bulinski, non-voting member*

*Phillip A. Washington, Chief Executive Officer*

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(ALSO APPLIES TO BOARD COMMITTEES)

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The public may also address the Board on non agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

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**REMOVAL FROM THE BOARD ROOM** The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

**CALL TO ORDER****ROLL CALL****APPROVE Consent Calendar Item: 36.**

**Consent Calendar items are approved by one motion unless held by a Director for discussion and/or separate action.**

CONSENT CALENDAR

**36. SUBJECT: METRO ADOPT-A-BIKE PILOT PROGRAM** [2020-0050](#)

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING a policy revision for unclaimed bicycles left on Metro property that establishes a Metro Adopt-A-Bike Pilot Program.
- B. APPROVING the administration of a mini-grant program for community-based organizations to perform tasks that support the distribution of unclaimed bicycles through the Adopt-A-Bike Pilot Program with a focus on equity.

**Attachments:** [ATTACHMENT A - Lost and Found Policy & Procedures](#)  
[Adopt a Bike Pilot Program Presentation](#)

NON-CONSENT

**37. SUBJECT: STATE AND FEDERAL REPORT** [2020-0480](#)

**RECOMMENDATION**

RECEIVE AND FILE August 2020 State and Federal Legislative Report.

**38. SUBJECT: FEDERAL LEGISLATION** [2020-0481](#)

**RECOMMENDATION**

ADOPT staff recommended positions:

- A. House Resolution 7389 (Pressley) - A bill to institute a federal grant program to support efforts to provide fare-free transit service. **SUPPORT**

**Attachments:** [Attachment A - H.R. 7389 \(Pressley\) Legislative Analysis](#)

39. SUBJECT: STUDENT FARES UPDATE AUGUST 2020 [2020-0468](#)

**RECOMMENDATION**

Oral Report on **STUDENT FARES UPDATE**

**Attachments:** [Attachment A - Presentation on Student Fares Oral Update August 2020](#)  
[Attachment B - Report on Free Student Fares Feasibility Study](#)  
[Attachment C - File #2019-0879 Approved Motion on U-Pass K-12 Pricing](#)

40. SUBJECT: EQUITY AND RACE PROGRAM UPDATE [2020-0514](#)

**RECOMMENDATION**

RECEIVE AND FILE status report on the Equity and Race Program.

**Attachments:** [Attachment A - Metro Equity Platform Report](#)  
[Attachment B - Equity Platform FY19 Activation Plan](#)  
[Attachment C - Rapid Equity Assessment Tool Presentation](#)

41. SUBJECT: RESPONSE TO BOARD MOTION REGARDING CEO CALL TO ACTION TO CONTROL COSTS [2020-0540](#)

**RECOMMENDATION**

RECEIVE AND FILE the response to Board Motion Item 34.2 (Attachment A) at the May 28, 2020 Board Meeting (Directors Hahn, Garcetti, Butts, Solis) related to Cost Control Pertaining to COVID-19 Board Box.

**Attachments:** [Attachment A - Metro Board Motion Item 34.2](#)  
[Attachment B - Metro Board Box - CEO Call to Action](#)  
[Attachment C - Pillar Projects and ESFV Schedules](#)

43. SUBJECT: ADVERTISING, COMMERCIAL SPONSORSHIPS, AND OTHER REVENUE OPPORTUNITIES [2020-0456](#)

**RECOMMENDATION**

RECEIVE AND FILE staff update on commercial sponsorship efforts and expanded advertising options for the purpose of generating additional revenues. This is intended to be informational and will not require a Board Action. However, staff are seeking feedback in order to present actionable items for the Board at a later date.

**Attachments:** [Attachment A - LACMTA Asset Valuation Study \(Legistar File # 2020-0387\)](#)  
[Attachment B - Asset List for Comercial Sponsorship Consideration](#)  
[Attachment C - Revenue Generation Presentation](#)

**44. SUBJECT: VOLUNTARY SEPARATION INCENTIVE PROGRAM**[2020-0470](#)**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to implement a Voluntary Separation Incentive Program (VSIP) that offers an enhanced additional benefit that provides cash payments of up to \$7,500, and an additional two years of retirement service credit, to eligible Non-Contract, AFSCME and Teamsters represented employees who voluntarily agree to separate or retire from Metro within a pre-designated retirement period. Metro Board approval is required in order to provide any additional or enhanced benefit to employees.

**Attachments:** [Attachment A - VSIP Program Estimated Cost Analysis](#)

**45. SUBJECT: REPORT ON MOTION TO "UPLIFT THE HUMAN SPIRIT THROUGH METRO ART"**[2020-0471](#)**RECOMMENDATION**

RECEIVE AND FILE a report and approach to "Uplift the Human Spirit Through Metro Art" in response to the June 2020 Board motion (Attachment A).

**Attachments:** [Attachment A – June 2020 Board Directive](#)  
[Attachment B – Transit Agency Percent for Art Programs](#)

**45.1. SUBJECT: AMENDMENT TO REPORT ON MOTION TO "UPLIFT THE HUMAN SPIRIT THROUGH METRO ART"**[2020-0566](#)**RECOMMENDATION**

APPROVE Amending Motion by Directors Butts, Garcetti, and Garcia that the Board direct the CEO to initiate the following policy directives:

1. Instruct staff to return to this Board with a specific set-aside percentage of interior space on both rail and busses to accommodate the placement of Metro Art posters as we have done in the past; and
2. Include in the FY 21 Budget \$400,000 dollars to accomplish the goals outlined above. Staff will reprioritize available resources and work cross-departmentally to identify internal and external funding opportunities to support the projects.

**46. SUBJECT: RESPONSE TO MOTION 21.1 - VOLUNTARY REDUCTION OF FEES FOR METRO CONSULTANTS**[2020-0482](#)**RECOMMENDATION**

RECEIVE oral report on voluntary reduction of fees for Metro consultants.

**Attachments:** [Motion 21. 1 - Voluntary Reduction of Fees for Metro Consultants](#)

**SUBJECT: GENERAL PUBLIC COMMENT**[2020-0536](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

**COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S SUBJECT MATTER JURISDICTION****Adjournment**



**Board Report**

**File #:** 2020-0050, **File Type:** Policy

**Agenda Number:** 36.

**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020**

**SUBJECT: METRO ADOPT-A-BIKE PILOT PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING a policy revision for unclaimed bicycles left on Metro property that establishes a Metro Adopt-A-Bike Pilot Program.
- B. APPROVING the administration of a mini-grant program for community-based organizations to perform tasks that support the distribution of unclaimed bicycles through the Adopt-A-Bike Pilot Program with a focus on equity.

**ISSUE**

Metro collects 400-500 bicycles per month left on the Metro system and on Metro property which are subsequently transported to Metro’s lost and found facilities. Seventy-five percent (75%) of these bicycles are never claimed by their owner. After the bicycles are stored for 90 days as required by state law, the current Metro procedure dictates that unclaimed bicycles are to be sold at auction. This process limits Metro’s opportunity to provide a benefit to Los Angeles County residents; does not provide increased mobility opportunities for those wishing to practice social distancing without the use of a personal automobile; does not provide economic relief to car-free residents looking for employment opportunities; and is not aligned with the Metro Vision 2028 Strategic Plan goal to reduce single occupancy vehicles in the next 10 years.

Board approval will authorize the establishment of the two-year Adopt-A-Bike Pilot Program (Program) allowing unclaimed bicycles to be offered to Los Angeles County residents and the unhoused community in need of a bicycle free of charge. Secondly, it will approve the administration of a two-year pilot mini-grant program for community-based organizations (CBOs) to support the distribution of these bicycles.

**BACKGROUND**

The Metro Adopt-A-Bike Pilot Program will provide the agency with the opportunity to offer a



transportation resource to Los Angeles County residents. With the ongoing COVID-19 pandemic, the distribution of unclaimed bicycles to members of the public who cannot afford a bicycle is more important than ever. Donated bicycles will provide an additional mobility option available to Los Angeles County residents who wish to maintain social distancing without the use of a personal automobile, and the cost-free resource will provide economic relief to individuals who need to access employment and other opportunities. In addition, administering the program through a mini-grant program will allow the implementation to be in partnership with community-based organizations and other entities that work directly with disadvantaged communities.

In order to establish this program, Metro must adhere to current legislature that governs the distribution and donation of public assets. California Civil Code 2080.6. ([https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=CIV&sectionNum=2080.6](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=2080.6)) requires that Metro follow a set of policies on managing bicycles and personal property left behind on the Metro system and on Metro property. Specifically, this state law mandates that all objects left behind, including bicycles, must be held by Metro for a minimum of 90 days. In addition, Chapter 497 of the California Public Utilities Code (PUC) § 30600 ([http://media.metro.net/images/Introduction\\_to\\_LACMTA\\_Metro.pdf](http://media.metro.net/images/Introduction_to_LACMTA_Metro.pdf)) indicates that Metro may donate or dispose of any real or personal property when it is in the best interest of Los Angeles County. The donation of any personal property that has value is permitted if it is determined that the assets will be used for a public transit related purpose within Metro's jurisdiction.

To ensure compliance, Metro's established procedure requires that a centralized lost and found location be maintained to provide patrons the opportunity to retrieve lost bicycles and other personal property found on Metro fleet vehicles or Metro properties. After the state-mandated 90-day storage period is completed, the current procedure directs Metro to dispose of unclaimed bicycles remaining in lost and found facilities by selling them through auction (see Attachment A). Metro expends all reasonable efforts in reuniting any lost bicycle with its rightful owner during the 90-day holding period and in ensuring compliance with state requirements for final disposition of any unclaimed property.

## **DISCUSSION**

### **PROJECT DEVELOPMENT AND RESEARCH**

During the development process of the Adopt-A-Bike Pilot Program, staff met and coordinated with several internal departments.

To better understand the current procedure for handling lost and found bicycles, staff met with the Metro Lost and Found Office of the Customer Service Department. In accordance with California Civil Code 2080.6, the department maintains centralized lost and found locations so that patrons can retrieve lost articles found on Metro buses, rail, or other Metro properties. Lost bicycles found on Metro vehicles or property are surrendered to their respective division or management, tagged and coded, and then transported by the Mail Services Department to Union Station. Bicycles are stored for 90 days from the date they are received by the Metro Lost and Found Office and during this time individual bikes are available for retrieval by their rightful owners.

After the 90-day period, all unclaimed property is transferred to Vendor/Contract Management (VCM).

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VCM is responsible for the disposition of all unclaimed articles, such as personal items, electronic devices, and bicycles. Under the current procedure all unclaimed bicycles are picked up from the Metro Lost and Found Office and transferred to an auction house in Riverside, California, where they are auctioned off in lots to the highest bidder. VCM staff indicates that bicycles are some of the most cumbersome items for the auctioneers to transport and do not generate sufficient revenue to offset the cost of the auction and transport process.

Staff also consulted with County Counsel and Risk Management to determine if unclaimed bicycles were eligible for donation to the public. It was determined that California Civil Code 2080.6 requires only that lost and found bicycles be stored and available for the rightful owner to claim for a period of 90 days. Since the law does not specify the disposal process of the bicycles after the 90 days, Metro can make this determination. In addition, once the Program is established, eligible recipients will be required to sign a waiver and release Metro from all liabilities related to the donated bicycle.

Research examining other similar programs was also conducted. For example, staff found that the University of California Los Angeles (UCLA) currently administers a program for lost and found bicycles on their property and redistributes them to students after the state-mandated 90-day storage period ends. In addition, the University of Georgia, Athens (UGA) operates UGA (RE)CYCLE, a need-based bicycle recycling and redistribution program for the UGA campus community.

Both programs demonstrate that the concept of Adopt-A-Bike is a viable option for distributing resources in a way that addresses unmet transportation needs. To ensure that distribution of the bicycles will be focused on disadvantaged communities, staff will be working closely with CBOs in utilizing the CalEnviroScreen to make this determination. According to the California Office of Environmental Health Hazard Assessment (OEHHA), the CalEnviroScreen is a tool that ranks census tracts in California based on exposure to pollutants, environmental conditions, socioeconomic factors, and the presence of certain health conditions. The CalEnviroScreen is widely used to identify communities that face a variety of challenges. Working with CBOs that have a presence and an understanding of these communities will be key in ensuring that bicycles are distributed to those who have limited resources and are in need of mobility options. CBOs will have the opportunity to leverage their experience and utilize their networks to distribute bicycles at established events and other programming.

The Metro Adopt-A-Bike Pilot Program is focused on equity and providing an active transportation mobility option to disadvantaged residents of Los Angeles County. By distributing unclaimed bicycles using the CalEnviroScreen, the program provides opportunities for Metro and CBOs to increase mobility options directly to residents and unhoused folks in the communities where they live. In addition, the pilot program will provide a cost-free mobility alternative as well as a first and last mile option to connect with the Metro transit system, employment opportunities, and to the various communities throughout the region.

## OUTREACH

Staff worked collaboratively with countywide stakeholders, active transportation advocacy groups and CBOs to determine the potential paths and needs of administering a program in Los Angeles County. On December 12, 2019, staff held a workshop where forty-two (42) CBOs and other various

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stakeholders and agencies were invited. Sixteen (16) stakeholders and CBO representatives attended the Adopt-A-Bike Pilot Program Workshop and provided staff with valuable feedback which helped determine the resources and logistical needs of administering the program. Following the workshop, all stakeholders, including those who did not attend the workshop, were contacted via email to provide additional feedback to Metro.

In addition, in June 2020 staff contacted sixty-six (66) CBOs with experience working with the unhoused community in Los Angeles County. These CBOs have strong connections with this community and will assist in identifying a process for distributing bicycles to persons who are experiencing homelessness and in need of a transportation option. CBOs originally contacted in December 2019 were reached out to again reiterating the concept of the program. Upon review of all correspondence and feedback received, it was determined that administration of the Adopt-A-Bike Pilot Program by CBOs would be feasible with minimal financial and logistical assistance from Metro. Multiple CBOs from different areas of the region have responded with interest and intend to participate.

### PILOT PROGRAM VISION

Staff is proposing a two-year Metro Adopt-A-Bike Pilot Program that will allow Metro to distribute unclaimed bicycles left on Metro property to residents in Los Angeles County communities in lieu of selling unclaimed bicycles at auction.

Staff is proposing the distribution of bicycles to be administered by non-profits and CBOs from different areas of the region. An amount of up to \$120,000 annually will be available to assist the selected organizations in the administration and logistic coordination of distributing bicycles. Staff will administer a competitive proposal-based mini-grant process for organizations disbursed throughout the regions of Los Angeles County interested in participating in the program. Additional Metro support will be available to selected organizations including storage, utilization of Metro facilities as venues, and space at Metro-sponsored events. Non-profits and CBOs will be selected based on, but not limited to, geographical criteria to ensure bicycles are distributed equitably throughout Los Angeles County, and their experience working with disadvantaged and unhoused communities. Staff anticipates inviting a variety of CBOs to participate in the program, including those that work with unhoused individuals. Additional scoring criteria will include capacity and number of bicycles that an organization is able to distribute over an allotted time period, safety training program approach and their proposal for outreach and program awareness. The program will be branded as a joint venture between Metro and CBOs selected to participate.

Under the pilot program, Metro Customer Services, General Services and Facilities Maintenance will maintain current duties and continue to be responsible for collecting lost bicycles found on Metro property and storing them in accordance with California Civil Code 2080.6. After the 90-day storage period, unclaimed bicycles will be made available to CBOs for safety inspection and distribution. They will be responsible for coordinating the transport of the bicycles from a Metro facility to perform their work. CBOs will also be responsible for performing comprehensive safety checks and certifications of the bicycles and providing safety training to recipients prior to the donation of the bicycles.

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Organizations selected to administer the Metro Adopt-A-Bike Pilot Program will conduct bicycle distribution events at locations of their choosing and through their established community networks. Metro will also make available internal facilities and events to assist in this process, including: (1) existing and future Metro Bike Hubs; (2) Metro-funded Open Streets events; (3) Metro Bicycle Education and Safety Training (BEST) classes and rides; (4) Safe Routes to School events throughout Los Angeles County; and (5) other applicable events. Distributing bicycles through these locations and events will enable staff to further ensure that the program is regional and equitable.

### EQUITY PLATFORM

The Adopt-A-Bike Pilot Program advances the Equity Platform Framework and addresses the needs of historically disadvantaged communities as defined by the CalEnviroScreen. Pillar II. Listen and Learn defines a community-driven conversation as essential. It encourages the engagement of CBOs in community outreach and problem solving. The Adopt-A-Bike Pilot Program has made a commitment to working in a collaborative manner with CBOs that will assist in reaching communities that will benefit from this program. Pillar III. Focus and Deliver recognizes that Metro has the responsibility to be a leader and avoid outcomes that aggravate disparities in opportunity. This program allows Metro to redirect its resources and provide free bicycles to a segment of the population in need of a transportation option.

### DETERMINATION OF SAFETY IMPACT

Approving the recommendation will not have any adverse safety impacts on our employees and patrons. Prior to taking possession of a donated bicycle, recipients will be required to sign a waiver and release Metro and participating CBOs from all liabilities related to the donated bicycle. Metro will retain a copy of the signed waiver for its records.

### FINANCIAL IMPACT

The approval of this recommendation will not impact the proposed FY21 budget. Staff will utilize existing resources and budget from current Active Transportation programs in Cost Center 4320 to administrate the mini-grant program and assist in the distribution of unclaimed bicycles. No immediate budget amendment or funding appropriation request is required. Due to administrative time and logistic coordination, staff anticipates the billable amount will not occur until FY21 Q3. The Cost Center manager and the Chief Planning Officer will be responsible for budgeting necessary funds in future years through the fiscal year budget process.

### IMPACT TO BUDGET

The funding source for this action is Proposition C 25% Streets & Highway. These funds are not eligible for bus and rail operating and capital expenditures.

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Metro Adopt-A-Bike Pilot Program aligns with Strategic Plan Goal 3. By providing unclaimed bicycles to Los Angeles County residents, Metro is maximizing equitable access to a multi-modal

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transit network, providing increased access to employment opportunities, and introducing local residents throughout Los Angeles County to the value of car-free and car-light mobility. The distribution of unclaimed bicycles increases Metro's ability to support the Strategic Plan outlined in Vision 2028 goal of doubling non-drive-alone mode-share trips (including bicycling) in the next 10 years.

### **ALTERNATIVES CONSIDERED**

The Board has the option to not approve the recommendation. However, this alternative is not recommended as it is not consistent with the Board's goals to increase multi-mobility opportunities throughout Los Angeles County. If unclaimed bicycles continue to be auctioned, they will not contribute any value to the equity platform or to the present social distancing needs of Los Angeles County residents.

### **NEXT STEPS**

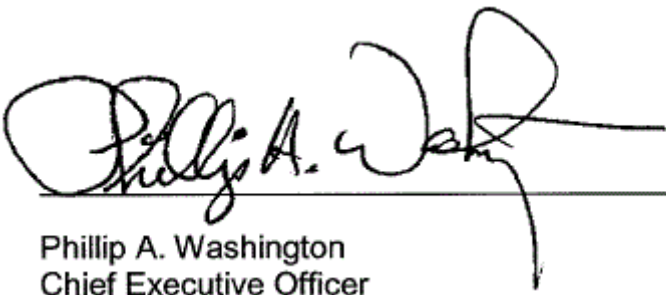
Upon Board approval, staff will coordinate internally to administer the Metro Adopt-A-Bike Pilot Program and conduct a proposal process to select organizations to assist in the distribution of bicycles to Los Angeles County residents. Staff will report back to the Board with an update in fall 2021.

### **ATTACHMENTS**

Attachment A - Metro Lost and Found Policy & Procedures

Prepared by: Brett Atencio Thomas, Principal Transportation Planner, Countywide Planning & Development, (213) 922-7535  
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Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



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Phillip A. Washington  
Chief Executive Officer

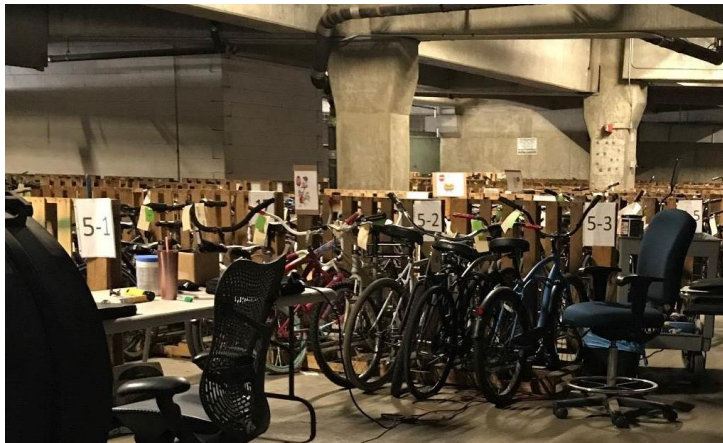


# Metro Adopt-a-Bike Program

# Metro Adopt-a-Bike Program

## Recommendation: Authorize the Metro Adopt-a-Bike Pilot Program

- 75% of the 400-500 bikes transported to Metro's Lost and Found facilities go unclaimed.
- State law requires Metro to store these bikes for 90 days, after that time they become Metro's property. Currently they are being sold in batches at auction.
- Revenue from auction does not offset cost of current process.
- Current procedure does not benefit LA County constituents, is not aligned with Metro Vision 2028 Strategic Plan to double non drive-alone trips, and does not contribute value to active transportation awareness.



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# Program Development

- Multiple Metro departments were consulted and it was determined that unclaimed bicycles are eligible for donation to the public after 90 days.
- The procedure for collecting lost and found bikes from Metro property and storing them would remain the same.
- Staff gathered feedback from stakeholders, active transportation advocacy groups, and other community-based organizations to understand potential paths and needs of administering a bicycle donation program in LA County.





# Program Vision

- Two-year pilot program.
- Prioritize regional distribution; Equity focus.
- Remain compliant with state laws regarding lost and found property
- Retain lost and found bicycles for 90 days
- Mini-grant program for Community Based Organization participation.
- Up to \$120,000 annual budget for mini-grant program.
- Additional Metro support will be available to organizations selected



# Mini-Grant Selection Process

- Organizations selection process based on geographic and equity focus.
- Additional scoring criteria will include capacity to distribute bicycles, safety and outreach approach, and experience working with disadvantaged or unhoused communities.
- Selected organizations are required to conduct bicycle distribution events at locations that they propose through their established community networks.
- Metro will also make our available facilities and special events for bicycle distribution, such as Open Streets and Bike Hubs.



# Next Steps

- Upon Board approval, staff will kick-off administration of the Metro Adopt-A-Bike Pilot Program.
- Donation events are anticipated to kick-off in summer 2021
- Staff will report back to the Board with an update in fall 2021.





**Metro**

**GENERAL MANAGEMENT  
Lost and Found Policy and Procedures**

**(GEN 40)**

**POLICY STATEMENT**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) maintains a centralized lost and found location so patrons can retrieve lost articles found on any LACMTA bus or rail, Union Station, or other LACMTA property.

**PURPOSE**

The purpose of this policy is to outline the necessary procedures for lost and found services, with the objectives of: 1) reuniting any lost article with its rightful owner; and 2) ensuring compliance with state requirements for final disposition of any unclaimed property.

**APPLICATION**

This policy applies to all LACMTA employees, contractors, vendors and customers.

Cecelia G. Langston  
APPROVED: County Counsel or N/A

[Signature]  
Department Head

[Signature]  
ADOPTED: CEO

Effective Date: 4/30/19

Date of Last Review: \_\_\_\_\_



**Metro**

## **GENERAL MANAGEMENT**

### **Lost and Found Policy and Procedures**

**(GEN 40)**

#### **1.0 GENERAL**

LACMTA will maintain a uniform system to manage and control found articles; provide patrons with a navigable system for retrieving lost articles; and dispose of unclaimed articles according to California Civil Code 2080.6 requirements.

#### **2.0 PROCEDURES**

##### **2.1 LACMTA Bus or Rail, Union Station and other LACMTA Facilities**

With the exception of weapons, illegal drugs, and drug paraphernalia (see Section 2.2), the following apply to handling and reporting lost articles.

- 2.1.1 Lost articles found on LACMTA bus or rail should be surrendered to their respective bus division or rail operations management. Articles found at other LACMTA facilities should be surrendered to appropriate management at the facility. Any lost articles found in LACMTA-controlled areas of Union Station will be taken to LACMTA's General Services' front desk in the Gateway building.
- 2.1.2 Each article will be tagged with a Lost Article Tag (Attachment 1) that has a bar code placed on it; scanned and logged in the Lost and Found computerized system and properly secured with a security bag tie in the Lost Article Mail Bag prior to pick up by mailroom services staff; and submitted to the Metro Lost and Found Office.
- 2.1.3 Mail Services will pick up Lost Article Mail Bags, and tagged bikes or large tagged items that do not fit into lost article bags, during Mail Services' delivery routes to the bus and rail divisions, and delivered to the proper Lost and Found locations.

##### **2.2 Handling and Reporting of Weapons, Illegal Drugs and Drug Paraphernalia**

Weapons, illegal drugs (as well as any substance(s) in an unlabeled prescription bottle, and other prohibited substances), and drug paraphernalia are not considered lost articles. Should an employee find, or believe they have found such an item while unpacking and separating lost articles received from Operations, the employee is to do the following:

- Set the item aside in a secure area, handling it as little as possible; and
- Immediately notify management and contact the following:
  - LAPD Transit Services – (213) 922-1411



**Metro**

**GENERAL MANAGEMENT  
Lost and Found Policy and Procedures**

**(GEN 40)**

The employee is to give a copy of the Property Receipt to the Officer picking the item up; and scan the Property Receipt, filing it electronically, as appropriate.

**Note:** it is *not* the employee's responsibility to determine exactly what the item may be. That is the responsibility of law enforcement.

**2.3 Lost and Found**

2.3.1 A computerized lost and found system will be maintained to manage, control and track the articles.

2.3.2 Lost articles will be held for 90 days from the date the article was received by the Lost and Found Office. Unclaimed articles are disposed of accordingly (see §2.4.2).

**2.4 Online Inquiries for Retrieving a Lost Article**

2.4.1 Lost and found articles may be retrieved at:  
Metro Lost and Found Office  
3571 Pasadena Avenue  
Los Angeles, CA 90031  
Telephone No.: (323) 937-8920

Hours of Operation:

Walk-in services: Monday through Saturday (except holidays),  
9:00AM – 5:00PM.

- The office is closed for lunch from 1:00-2:00PM, daily.

All bicycle retrievals are arranged through the Lost and Found Office. Bicycles may be picked up on non-holidays, Monday – Friday from 8:00AM – 3:30PM at:

Customer Relations  
One Gateway Plaza  
Los Angeles, CA 90012

Inquiries may also be filed online at:

[http://lostandfound.metro.net/public/claims\\_inquiry.aspx](http://lostandfound.metro.net/public/claims_inquiry.aspx).

2.4.2 An inquiring claimant must provide the following: the date the article was lost; a detailed description of the lost article; where the article was lost, such as the line number of the bus or the rail service used; and time of day when the loss possibly occurred.



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## **GENERAL MANAGEMENT**

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Claimant must present photo identification before recovered articles are released.

2.4.3 Claimants retrieving money in amounts of less than \$5.00 will be able to retrieve their item and money immediately from Lost and Found upon proper verification.

2.4.4 Claimants retrieving money in amounts greater than \$5.00 will be able to retrieve the money via a refund request process. Once the refund request is submitted by the Lost and Found Customer Service Agent, a check will be mailed to the Claimant within 30 days or less.

#### **2.5 Disposition of Unclaimed Property**

2.5.1 LACMTA complies with California Civil Code Section 2080.6, which defines appropriate actions a public agency may adopt with respect to the disposition of unclaimed personal property as follows: LACMTA will hold unclaimed property for 90 days from date the article was received by the Lost and Found Office during which time it may be claimed through the Lost & Found Office.

2.5.2 Property not recovered after 90 days will be sold at public auction to the highest bidder.

- State law precludes the giving of unclaimed property or cash to employees of a public agency.

#### **2.6 Non-LACMTA Controlled Property**

Customers should contact the applicable business if items are lost in/on non-LACMTA controlled property, such as:

- Amtrak and Metrolink trains, platforms, ramps and other property;
- Non-Metro buses and other vehicles;
- Retail vendor stores and kiosks.

### **3.0 DEFINITION OF TERMS**

**Claimant** – Person who states to be the owner of a lost article.

**Illegal Drugs** – Any controlled substance that is illegal in the State of California to possess, use, and/or sell, including, but not limited to the following: cocaine, methamphetamine, heroin, LSD, “shrooms,” PCP, etc., or prescription drugs not obtained with a valid prescription. Illegality of marijuana possession is based on its weight, and the age of the possessor; so all marijuana will be turned over to the LAPD.



**Metro**

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### **Lost and Found Policy and Procedures**

**(GEN 40)**

**Lost and Found Delivery Bag (Lost Article Bag)** – A mail bag with a security bag tie is used to hold and transport lost articles from bus and rail divisions and Metro General Services to Metro Lost & Found Office.

**Lost Article Tag** - A 3-part serialized tag, which includes forms 32-51, 32-23 and 32-33; form 32-51 documents article description, including when, where and who found the article; forms 32-23 and 32-33 state the claimant's information, (i.e., name, address and claim date).

**Lost and Found System** – A computer system that documents and tracks items by category type, date, location found, status, and disposition; it facilitates customer inquiries and generates tracking reports..

**Non-LACMTA Controlled Property** – Any area of LACMTA property which is directly controlled by a third-party business. At Union Station, this includes restaurants, kiosks, Amtrak and Metrolink (and their ramps, lounges, etc.), other organizations, and similar.

**Unclaimed articles** – Articles that have not been claimed by the owner within a 90 day period from the date the article was received by the Lost and Found Office. Perishable food/drink items are discarded upon receipt.

**Weapons** – Firearms, imitation firearms, knives, explosives, dangerous chemicals, or other objects intended for use in harming anyone or damaging property.

#### **4.0 RESPONSIBILITIES**

**Customer Programs and Services Department** is responsible for communicating and administering this policy to all LACMTA employees and contractors/vendors who find lost articles that do not belong to them.

**Director/Manager (or Designee)** ensures that all policies regarding the disposition of lost articles in the possession of the agency are handled in accordance with established procedures to avoid any conflicts of interest and protect the agency against any unnecessary claims due to inappropriate handling of lost and recovered personal property.

**Employees/Contractors** must surrender any lost articles to the division or rail supervisors/managers for delivery to Metro Lost & Found for proper disposition. Employees/vendors may not retain or try to gain possession of any unclaimed property.

**Lost and Found Customer Service Agent** is responsible for receiving, filing, delivering, monitoring and disposing of all articles submitted to Metro Lost & Found. He/she is responsible for responding to telephone and over-the-counter inquiries.





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## **GENERAL MANAGEMENT Lost and Found Policy and Procedures**

**(GEN 40)**

**LACMTA Supervisors/Managers** are responsible for making a good faith effort to maintain the integrity of all lost articles delivered to them and secure the lost and found articles that have been discovered aboard buses, trains or any LACMTA property until transferred to Metro Lost & Found.

### **5.0 FLOWCHART**

Not Applicable

### **6.0 REFERENCES**

- California Civil Code 2080.6
- Operator Rulebook

### **7.0 ATTACHMENTS**

1. Lost Article Tag, forms 32-51, 32-23, 32-33

### **8.0 PROCEDURE HISTORY**

- |          |  |
|----------|--|
| 10/01/89 | Former RTD procedures  |
| 07/15/06 | Revised to reflect current practices. GEN 40 supersedes HR5.60   |
| 09/17/10 | Updated Metro Lost & Found hours of operation  |
| 10/20/10 | Policy was revised to clarify that in addition to precluding LACMTA employees from being given unclaimed articles that do not belong to them, the same also applies to members of the public.                      |
| 04/02/13 | Retracted an additional sentence in §2.4.3, stating that any individual who turned in a lost/found property could not receive the item/cash that they turned into LACMTA personnel.                                |
| 04/21/15 | Biennial review: increased holding period from 30 to 90 days in compliance w/law; clarified Mail Services' procedures; updated Metro Lost & Found location; defined Metro responsibilities in non-Metro locations. |
| 02/28/19 | No changes at this time.   |
| 03/20/19 | Added language about the proper handling and reporting of weapons, illegal drugs, and drug paraphernalia, in response to an OIG Audit.   |



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**GENERAL MANAGEMENT  
Lost and Found Policy and Procedures**

(GEN 40)

**ATTACHMENT 1**

Form 2-9  
PREMIER BUSINESS PRINTING RESOURCE (867) 297-9669

**MKTG - 8**  
Lost Article **403928** 20

Found on Vehicle No. \_\_\_\_\_ Line \_\_\_\_\_  
Div. No. \_\_\_\_\_ Time \_\_\_\_\_  
Description \_\_\_\_\_  
Found by \_\_\_\_\_  
Passenger \_\_\_\_\_  
Address \_\_\_\_\_  
Turned in by \_\_\_\_\_  
Employee \_\_\_\_\_  
City \_\_\_\_\_

Lost Article No. **L.A.C.M.T.A. 403928**  
Turned in by \_\_\_\_\_  
Name \_\_\_\_\_  
Div. No. \_\_\_\_\_  
LOST ARTICLE DEPT.

---

**L.A.C.M.T.A. DELIVERED TO**

Date \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone No. \_\_\_\_\_

**L.A.C.M.T.A.**

Date \_\_\_\_\_ 20 \_\_\_\_\_  
Claimed by: \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_



Metro

Board Report

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File #: 2020-0481, File Type: Federal Legislation / State Legislation (Position)

Agenda Number: 38.

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**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020**

**SUBJECT: FEDERAL LEGISLATION**

**ACTION: ADOPT STAFF RECOMMENDED POSITION**

**RECOMMENDATION**

ADOPT staff recommended positions:

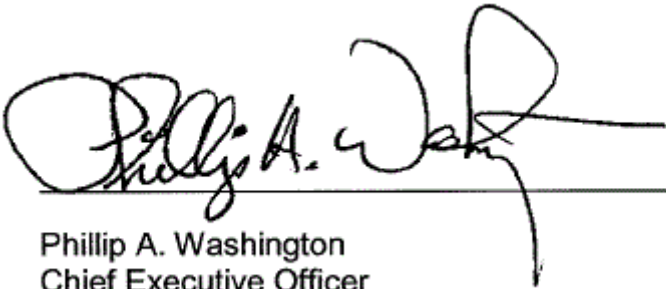
- A. House Resolution 7389 (Pressley) - A bill to institute a federal grant program to support efforts to provide fare-free transit service. **SUPPORT**

**ATTACHMENT**

Attachment A - H.R. 7389 (Pressley) Legislative Analysis

Prepared by: Raffi Hamparian, Senior Director, Government Relations  
(213) 922-3769

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



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Phillip A. Washington  
Chief Executive Officer

## ATTACHMENT A

**BILL:** H.R. 7389

**AUTHOR:** CONGRESSWOMAN AYANNA PRESSLEY (D-MA)

**SUBJECT:** FREEDOM TO MOVE ACT

**STATUS:** REFERRED TO THE HOUSE COMMITTEE ON  
TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE  
ON HIGHWAYS AND TRANSIT

**ACTION:** SUPPORT

### **RECOMMENDATION**

Staff recommends that the Board of Directors adopt a SUPPORT position on House Resolution 7389, The Freedom To Move Act.

### **ISSUE**

House Resolution 7389, which was introduced on June 26, 2020 by Congresswoman Ayanna Pressley (D-MA), would establish a \$5 billion competitive grant program to offset fare revenues for transit agencies across the United States in order to promote fare-free public transit systems.

### **DISCUSSION**

Metro has one of the lowest transit fares among major transit agencies across the United States. Metro's fares are lower than New York's MTA, Chicago's CTA, Philadelphia's SEPTA, San Francisco's MUNI, Portland's TRIMET and Atlanta's MARTA. According to the American Public Transportation Association's 2019 Fact Book, the average Bus fare across the United States is \$1.67, the average Light Rail fare is \$2.09, and the average Heavy Rail fare is \$2.25. At present, the fare to ride a Metro bus or on Metro's rail network is set at \$1.75 – which generates approximately \$285 million in annual revenue or approximately 4% of our agency's annual budget.

Given the fact that 57% of Metro's bus riders (according to recent customer surveys) live below the poverty line and have a median income of \$17,975, any federal program that would provide financial relief would be of great interest to our agency. Likewise, 38% of Metro's rail riders (according to recent customer surveys) live below the poverty line and have a median income of \$27,723. Given these facts, our agency naturally has a high level of interest in The Freedom To Move Act.

The Freedom To Move Act's main policy aim would be to establish a \$5 billion competitive grant program to offset fare revenues for transit agencies across the United States that choose to implement a fare-free transit system. The grants, which would be referred to as Freedom to Move Grants, could be used to cover operational costs, improve the safety and accessibility of bus stops, pedestrian and bike shelters, used to redesign bus routes, modernize signal priority systems, among other eligible costs. The bill also stipulates that "grantees would be required to work in partnership with community advocates and stakeholders to report on how resources will be used to improve the reliability of transit service for low-income and historically underserved communities including ways the grantee will improve connectivity to critical services and reduce commute times."

Should The Freedom To Move Act become law, our agency would be well positioned to secure the competitive Freedom to Move Grants to offset fare revenue we might potentially forgo if our agency were to adopt, in whole or in part, a free-fare program. In addition, the provisions in this bill could also inform and potentially support the future findings of the Comprehensive Pricing Study (CPS) that our agency has launched to explore how Metro prices its services, including transit fares.

#### **DETERMINATION OF SAFETY IMPACT**

The enactment of the proposed legislation would not have a safety impact.

#### **FINANCIAL IMPACT**

This legislation could potentially dramatically increase the level of federal grant funding received by our agency through Freedom to Move Grants authorized under this bill.

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

Staff recommendation supports strategic plan goal # 4.2: Metro will help drive mobility agendas, discussions and policies at the state, regional and national levels.

#### **ALTERNATIVES CONSIDERED**

Staff has considered not adopting a position on this bill. Adopting a SUPPORT position on this bill would be beneficial to our agency – provided we compete for the competitive Freedom to Move Grants authorized by this legislation.

#### **NEXT STEPS**

Should the Board adopt a SUPPORT position on this measure, staff will communicate the Board's position to the author and work with Congress to ensure its adoption into law. Staff will continue to keep the Board informed as this issue is addressed throughout the 116<sup>th</sup> Congress.



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File #: 2020-0468, File Type: Oral Report / Presentation

Agenda Number: 39.

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**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020**

**SUBJECT: STUDENT FARES UPDATE AUGUST 2020**

**ACTION: ORAL REPORT**

**RECOMMENDATION**

Oral Report on **STUDENT FARES UPDATE**

**ATTACHMENTS**

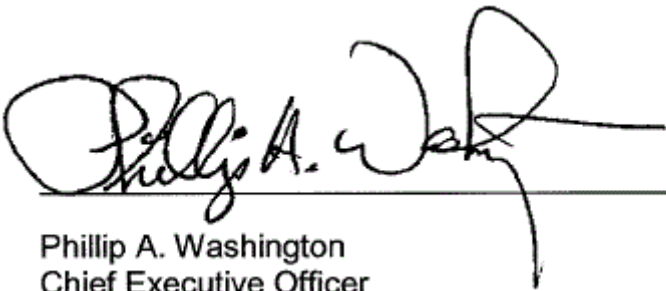
Attachment A - Presentation on Student Fares Oral Update August 2020

Attachment B - Report on Free Student Fares Feasibility Study April 2020

Attachment C - File #2019-0879 Approved Motion on U-Pass K-12 Pricing

Prepared by: Devon Deming, Director of Commute Services, (213) 922-7957  
Glen Becerra, Executive Officer, Marketing, (213) 418-3264

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



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Phillip A. Washington  
Chief Executive Officer



# Oral Update Informational Report on Student Fares

Executive Management Committee, File #2020-0468



**Metro**

**Metro Commute Services:**  
**Devon Deming, Director of Commute Services**  
**Direct: 213.922.9757**  
**[demingd@metro.net](mailto:demingd@metro.net)**

# UCLA Graduate Student Association (GSA)

- **Metro Commute Service (MCS) and TAP staff are working with UCLA to load 13,000 personalized Graduate Student U-Pass Cards for distribution in Fall Quarter 2020. Graduate students voted in a \$25 fee to cover the cost of this program for all students.**





- In response to a request from LAUSD, the Metro Board approved K-12 pricing structure for the U-Pass Program for homeless support services under the McKinney-Vento Act in January 2020.
- Converting to U-Pass could save districts up to 61% of cost (at loss to Metro)
- Average K-12 Boardings in FY '19 = 2.9 per week or 12.43 per 30 days
- 13 boardings per month at U-Pass Rate of \$0.75 = \$9.75 per month vs. K-12 monthly pass at \$24/mo.
- U-Pass Valid on Metro and 9 additional transit agencies
- We are currently waiting for LAUSD to decide the size of the participation group and implementation date based on COVID and return to school timeline.



# K-12 Reduced Fare Stickers

- June 2020 Board request to implement K-12 stickers similar to U-Pass
- The TAP Office could potentially convert to stickers, but would still need schools/districts to collect names and some form of unique identifier during distribution process (Student ID #, DOB, etc.)
- TAP currently uses identifying information to assist LAPD with missing persons investigations
- Districts would need to be willing to work with Metro on effective distribution process
- K-12 stickers would allow students to use DASH to Class, but would require additional fare to be purchased/loaded to ride Metro or other transit agencies.





**Metro**


Los Angeles County  
Metropolitan Transportation Authority


One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**April 30, 2020**

**TO: BOARD OF DIRECTORS**

**THROUGH: PHILLIP A. WASHINGTON**   
**CHIEF EXECUTIVE OFFICER**

**FROM: YVETTE RAPOSE**   
**CHIEF COMMUNICATIONS OFFICER**

**SUBJECT: REPORT ON FREE STUDENT FARES FEASIBILITY**  
**STUDY**

**ISSUE**

In January 2020, the Metro Board approved a motion directing the CEO to return to the Board in April 2020 with a report detailing various aspects of existing state and regional K-12 and college fare programs to help assess the feasibility of providing free transit passes to students in Los Angeles County. The motion stated that Metro's "existing student pass program has multiple barriers to entry and a high administrative burden that could be avoided through a universal program" and that "access to transportation is the single greatest factor in the odds of escaping poverty and avoiding homelessness." The Board requested a variety of information in the report, including performance reviews of similar existing programs, cost estimates for administration and operations, farebox impacts, needs assessment of schools and communities in the county, analysis of effects on ridership and operations, outreach to other transit agencies in the county, and recommended actions to reduce barriers to ridership.

Although the COVID-19 pandemic has closed schools and greatly reduced transit ridership, this report contains information available prior to the closures and proposes next steps in the process of moving toward more affordable transit passes for students in Los Angeles County.

## **DISCUSSION**

An internal working group was established to examine each of the topics listed in the Board Motion and compile the information in this report. The internal working group was comprised of representatives from various Metro Departments, including Marketing, TAP, Reduced Fare, Government Relations, Office of Management and Budget (OMB), County Counsel, Service Planning, Operations, Internal Audit, and Systemwide Safety and Security.

In addition, staff reached out to a wide variety of transit agencies, including those mentioned in the Board Motion, and held meetings with various stakeholders, including Los Angeles Unified School District (LAUSD), Pasadena Unified School District (PUSD), and the City of Los Angeles.

### **Existing Transit Programs**

The Board motion requested a review of the performance of existing free transit programs for K-12 students, including the City of Los Angeles' DASH to Class program, Metro's Just Transit pilot with LAUSD, programs from other school districts, and the City of Sacramento's RydeFreeRT program.

#### **Metro U-Pass Program**

Metro's existing U-Pass program has established a very successful model of providing affordable transit to students through a cost-sharing model with the students, schools/districts, cities, and Metro, where the school is billed for actual rides at the reduced rate of \$0.75 per boarding and the schools are also able to charge students a participation fee, as long as that fee does not exceed the cost of the program. The program now includes twenty (20) colleges and one (1) high school and has over 19,000 participants per semester. The current average cost of the program based on actual usage is about \$6.00 per week, and the pass is good for unlimited rides on Metro and nine other transit agencies. U-Pass participation increased 49% from Fall 2018 to Fall 2019 (13,178 to 19,656 participants) and has increased 135% since its launch in Fall 2016 (8,367 to 19,656).

Prior to the U-Pass launch, there were approximately 7,000 students utilizing Metro's Institutional Transit Access Pass (ITAP) and an additional 7,000 using the College/Vocational Reduced Fare TAP card, for a total of 14,000 college riders. Today there are 19,656 U-Pass Participants and 10,289 active College/Vocational TAP cards for a total of 29,945 college riders. This is an increase of 114% over the last four years. From August 2019 to February 2020, there were 2.44 million U-Pass boardings and 1.45 million College/Vocational boardings on Metro and other LA County transit agencies for a total of 3.89 million boardings for the Fall/Winter semester.

The use of TAP “smart chip” stickers applied to student IDs in the U-Pass Program enables Metro to streamline the application and distribution process through the schools and to collect a higher level of data than other transit agencies with similar programs that may only be using paper “flash pass” stickers or student IDs for boarding purposes.

Los Angeles Department of Transportation (LADOT) DASH to Class

The DASH to Class Program offers free rides on LADOT’s DASH services to all K-12 and College/Vocational students. This program is funded through the State of California’s Low Carbon Transit Operations Program (LCTOP). Free boardings are recorded as full fare and reimbursed to the agency via LCTOP funding. Prior to launch, the majority of student riders on DASH were paying with cash at \$0.50 per boarding. The projected annual ridership for the first year of the DASH to Class Program was 480,000 boardings, which represented \$240,000 in lost fare revenue reimbursed by LCTOP funds. Metro currently uses LCTOP funding for other programs, such as capital projects and operations.

The DASH to Class Program requires participants to acquire a Metro Reduced Fare Student, College/Vocational TAP Card, or U-Pass Sticker to be eligible for free fare, but it allows students to board free with any student ID to give them time to apply and receive their Reduced Fare TAP cards. The program launched on August 20, 2019 and over the first 5 months, approximately 46% of the 220,000 total boardings were not on a TAP card (student ID only). During the first five full months of the program, DASH saw a year-over-year increase in ridership of 134% for K-12 boardings, from 44,903 rides in FY ‘19 to 105,078 rides in FY ‘20, and an increase of 198% for College/Vocational boardings from 4,564 to 9,058. LADOT estimates that the total number of "DASH to Class" boardings over the first five months was approximately 220,000, which would have put them on track to achieve 528,000 boardings for the full year (10% above their initial projections), prior to the school closures due to COVID-19. However, with schools out of session through the end of the school year, student ridership has been significantly reduced.

<b>LADOT DASH Year-Over-Year Ridership</b>						
K-12 Student	Sep	Oct	Nov	Dec	Jan	Grand Total
FY 2019	9,693	12,435	9,015	6,512	7,248	44,903
FY 2020	17,663	26,145	20,238	20,794	20,238	105,078
Difference	7,970	13,710	11,223	14,282	12,990	60,175
	82%	110%	124%	219%	179%	134%
College/Voc	Sep	Oct	Nov	Dec	Jan	Grand Total
FY 2019	921	1,194	878	720	851	4,564
FY 2020	2,596	3,228	2,230	2,637	2,931	13,622
Difference	1,675	2,034	1,352	1,917	2,080	9,058
	182%	170%	154%	266%	244%	198%

## “Just Transit” Manual Arts Pilot Program

The Manual Arts High School U-Pass Pilot Program also launched on August 20, 2019. The program is funded through a “Just Transit” grant received by Move LA from the 11<sup>th</sup> Hour Schmidt Family Foundation and administered by LA Promise Fund through their on-campus College Center. In order to register for the program, students are required to complete Metro’s K-12 Reduced Fare Application along with a supplemental application that asks additional questions about how the student usually travels to school and other activities, how they currently pay for transit, and how many miles they live from campus. Application packets may be completed online or on paper and both are available in English and Spanish ([https://lametro.formstack.com/forms/upass\\_k12\\_manual\\_arts](https://lametro.formstack.com/forms/upass_k12_manual_arts)).

The program uses the U-Pass stickers with embedded TAP chips applied to student IDs to track ridership and total boardings per semester are invoiced back to Move LA at the U-Pass rate of \$0.75 per boarding capped at the K-12 Monthly Reduced Fare rate of \$24 per month. U-Passes are valid on Metro, DASH and eight other transit agencies, including Culver CityBus, GTrans, Long Beach Transit, Montebello Bus, Norwalk Transit, Pasadena Transit, Santa Monica Big Blue Bus, and Torrance Transit. The passes are good for the entire 40-week school year.

Because the funding received would only cover 400 passes, Move LA initially chose to distribute the passes only to members of the junior class. However, as of February 2020, only 161 students had completed the registration process, which was 40% of the 400 available passes. Because of the low participation, the program was made available to all students on campus. Thirty-six (36) of the 161 (22%) who had registered had not yet picked up their passes, so there were 125 active participants. While the group of 125 active users only represents 31% of the 400 available passes, it represents 9% of the 1,400 students on campus that are actively riding transit. (Comparatively, according to the USC Price School of Public Policy, only 6.8% of Angelenos utilize public transit. <https://www.kcet.org/shows/neighborhood-data-for-social-change/transit-ridership-in-los-angeles-county-is-on-the-decline>). To gain a better understanding of contributing factors, Move LA and LA Promise Fund will conduct surveys of students not participating to determine what barriers are keeping them from joining the program and those not riding to determine why they were not using their passes prior to the school closures.

As of February 24<sup>th</sup>, there was a total of 8,639 boardings for the Fall ‘19/Winter ‘20 Pass Period: 8,198 (95%) on Metro, 392 (4.5%) on DASH, 31 (0.4%) on Santa Monica Big Blue Bus and 18 (0.2%) on Culver CityBus. Therefore, 125 students rode an average of 2.6 boardings per week for 27 weeks in the Fall/Winter semester. The average trip distance self-reported by students was 0.3 miles.

Based on the registration data, only 3 of the 161 (4%) registered participants in the pilot program stated they did not previously ride Metro. Prior to joining the program, 59% already travelled to school via transit, 29% walked and 1% biked. Only 11% travelled by car and were dropped off at school. Based on how students said they were paying for transit prior to joining the U-Pass Program, Metro would have collected \$42,864 over the previous 6-month period, versus \$6,479 collected from the U-Pass program. This represents an 85% reduction in revenue and average revenue loss of approximately \$40 per student per month.

### Long Beach Transit LBUSD Pilot Program

Long Beach Transit (LBT) is currently running several student pass programs with Long Beach Unified School District (LBUSD). In a new pilot program that started at Millikan High School this year, students can purchase \$30 discount monthly passes or stored value through their student store on campus. Millikan was chosen for the pilot because they are a commuter school with fewer students walking to campus. In February 2020, they had 293 participants out of approximately 4290 students (6.8%) and an average boarding rate of 24 boardings per month. However, some students still prefer to pay cash at \$1.25 per boarding. Because these passes are loaded on regular TAP cards and not K-12 Student Reduced Fare TAP Cards, there is no application process. Since this is a special rate for Millikan High School, students are only able to purchase the \$30 monthly pass on campus. LBUSD does not subsidize the cost of this program, but they offer two other programs, one for Homeless Student Services and one for chronically absent students, that are paid for by the school district at the regular LBT Student rate of \$40 per participant per month. The “Other Agency” data listed below includes DASH and LBT boardings:

<b>Student and College Vocational (CV) Pass Use Summary</b>			
<b>Pass Type</b>	<b>Aug 2018 - Feb 2019</b>	<b>Aug 2019 - Feb 2020</b>	<b>Change</b>
Metro K-12 Boardings	5,212,329	4,347,613	-17%
Other Agency K-12 Boardings	611,419	705,446	15%
U-Pass K-12 Boardings	-	8,639	
<b>Total K-12 Boardings</b>	<b>5,823,748</b>	<b>5,061,698</b>	<b>-13%</b>
<b>CV Boardings</b>			
Metro CV Boardings	1,800,047	1,379,359	-23%
Other Agency CV Boardings	80,419	69,546	-14%
U-Pass CV Boardings	1,820,631	2,433,788	34%
<b>Total CV Boardings</b>	<b>3,701,097</b>	<b>3,882,693</b>	<b>5%</b>
<b>Unique Users</b>			
Metro K-12 Unique Users	64,020	57,224	-11%
Metro CV Unique Users	12,797	10,289	-20%
U-Pass CV Unique Users	13,178	19,653	49%
<b>Total Unique Student Passes</b>	<b>89,995</b>	<b>87,166</b>	<b>-3%</b>

<b>Recent Student and College/Vocational Boardings During "Safer at Home"</b>					
	<b>Average Boardings</b>	<b>Mar-20</b>	<b>Change</b>	<b>4/1-4/23</b>	<b>Change</b>
Metro Student	724,602	346,943	-52%	3,098	-99.6%
Metro CV	117,574	107,710	-8%	2,971	-97.5%
Muni Student	229,893	54,401	-76%	32	-99.99%
Muni CV	11,591	5,318	-54%	4	-99.97%

### Sacramento's RydeFreeRT

Sacramento Regional Transit (SacRT) launched the RydeFreeRT Program in October 2019, which offers youth/students free access to the entire SacRT network, including buses, light rail, and Smart Ride on-demand microtransit service. SacRT initially estimated the potential revenue loss for the one-year pilot program would be \$1.5 Million. The City of Sacramento paid \$1 million (67%) of the projected revenue loss. Local school districts and other participating cities paid \$200,000 (13%), and the \$300,000 (20%) balance was absorbed by SacRT. SacRT anticipates that Year Two will be fully funded by the City of Sacramento, along with other participating cities and local school districts.

The program uses "flash pass" stickers, which are distributed to over 300 schools. There is no application process. All students at a participating school have a "flash pass" sticker attached to their student ID card and parents can remove the sticker if they don't want the student to have access to transit. Anyone can also pick up stickers from libraries and customer centers, as there is no verification requirement in place. Student boardings have increased by 106% year-over-year. Total systemwide boardings have increased 5%, which is still 20% less than total boardings five years ago.

### **Barriers to Student Ridership**

Staff believes the following issues are barriers for students to utilize free or reduced fare transit programs:

#### Application Process

Because U-Pass program participation increased significantly when the application process was simplified, staff believes simplifying the K-12 application process could have a similar effect. The application form itself was streamlined at the beginning of the school year, making it easier to complete, however, more improvements could be made, including asking the schools to help with the process.

In initial conversations with TAP and LAUSD, both agree that an application, or an option to opt in or out of a transit program, could be added to existing school registration forms. In looking at this option, we could also consider utilizing



existing Reduced Fare Agents to perform sticker or card activation and distribution.

### Fare Media – TAP Cards or Stickers

LAUSD, LBUSD, Pasadena Unified School District (PUSD), and others already have systems in place for distributing separate TAP cards each month with full monthly student fare or stored value to homeless students under the McKinney-Vento Act. Separate from the K-12 and College/Vocational Reduced Fare TAP Cards, the U-Pass Program currently uses stickers with TAP chips in them affixed to student IDs to allow students to board covered services. We are also working on several pilot programs to test using ID Cards with TAP chips embedded in them.

In discussions with SacRT, their staff brought up issues of families not wanting to be “tracked” through a TAP-like system and not wanting to share Personally Identifiable Information (PII). However, this could be solved by using a U-Pass type process with Metro only using TAP ID numbers to aggregate boardings and schools not receiving individual boarding data. Currently, all TAP programs are only allowed to share aggregate data in compliance with California Streets and Highways Code Section 31490 and other applicable privacy and information security laws, and Metro is not permitted to provide any personally identifiable information regarding its patrons.

### **Farebox Impact**

Per Metro’s Office of Management and Budget, there were approximately 29 million K-12 boardings in FY ’19, with 20 million of those being paid with cash at \$1.00 per boarding for total in \$27 million of revenue.

In FY ’19, U-Pass Program for K-12 and college had 3.7 million boardings (a 22% increase over FY ’18 boardings of 3.04 million) and resulted in \$2.8 million dollars in revenue. College/Vocational Reduced Fare Revenue was over \$2.1 million bringing the total student fare revenue for FY ’19 to approximately \$32 million.

However, in the K-12 U-Pass Program Pilot group, 40% of students who registered self-reported that they were already using K-12 reduced fare and 54% said were paying by full fare monthly passes, weekly passes, or stored value. Similarly, in the U-Pass Program, 20% of participants reported they were already using College/Vocational Reduced Fare passes, but 59% said they were utilizing stored value or full-fare Metro 30-Day or EZ Regional passes. This suggests that the actual lost fare revenue may exceed the \$32 million, when you take into account the students currently paying full fare.

In addition, a 2019 UCLA Assessment of Los Angeles Metro's U-Pass Program by Ryan Yowell found that, even fully paid, the U-Pass Program may be costing Metro more than \$100 per student per semester in lost revenue. "Because 55 percent of U-Pass participants report paying full transit fares before the program, the revenue generated from new riders does not recoup revenue losses resulting from existing riders taking advantage of the lower per-ride fare. For Metro to break even on U-Pass fare revenue based on students' previous ridership and payment behavior, the proportion of new riders would need to increase from 20 percent to 64 percent of the total U-Pass participant population."

<https://escholarship.org/uc/item/52p581ph>

## **Cost Estimates for Administration and Operations**

Metro's Reduced Fare Office processes regional TAP Reduced Fare applications for; Student K-12, College/Vocational, Senior and Disabled TAP Cards.

Currently, there are fifteen (15) permanently assigned Full Time Employees (FTEs) to the Reduced Fare team. However, due to the increase of Student TAP applications, three additional FTEs were temporally assigned, on loan to the Reduced Fare team to process over 3,200 monthly student TAP card applications in FY20. The Reduced Fare Office has received an increase of 900 Student TAP applications per month since the August 2019 launch of the DASH to Class Program. It is estimated an additional three (3) full-time FTEs will be required to process the increase of Student TAP applications.

Metro's K-12 Student Reduced Fare Application form was updated in late August 2020 to begin tracking which applicants were LAUSD Students. As of February 2020, the Reduced Fare Office had processed 24,446 applications for FY '20. Of these, 4,365 (18%) were designated as LAUSD students. This compares with 22,640 K-12 Applications that were processed over the same time period for FY '19, representing an increase of 8%.

Under the U-Pass Program, two (2) FTE in Marketing and two (2) FTE in TAP support the 21 schools in Metro's U-Pass Program. LAUSD has over 1,000 schools with an additional 200+ charter schools, and there are over 2,000 schools and 78 primary and secondary school districts in Los Angeles County. Depending on how quickly the U-Pass program grows, additional staff will be needed to support the program.

From FY '17 to FY'19 boardings at California State University Los Angeles (CSULA) increased 265% from 107,340 to 392,339. As a result of this growth, two additional buses were added to the Silver Line to reduce overcrowding during the afternoon student rush-hours at a cost of approximately \$500,000 per year. In addition, the U-Pass was added to the Silver-to-Silver MOU to allow students to ride Foothill Transit's Silver Streak between El Monte Transit Center and downtown Los Angeles. Metro will reimburse those boardings to Foothill Transit at a higher cost and a portion of that expense will be covered by the U-

Pass cost billed to the schools. This is the only situations so far, where ridership increases at a U-Pass school have led to services increases. Since U-Pass participation varies greatly from school to school, it will be difficult to estimate future service impacts until we launch U-Pass programs at additional schools.

Additional work will need to be done between Metro Service Planning and other transit agencies to determine the effects of ridership from the DASH to Class, U-Pass, and Just Transit programs.

There will likely be additional administrative costs, operational costs, or security costs which have not yet been identified.

### **Pending State Legislation**

Assembly Bill 1350 - Free Youth Transit Passes, authored by Assembly Member Lorena Gonzalez, would require transit agencies to offer free youth transit passes to any rider age 18 years or under in order to be eligible for state funding. It is our understanding that his bill is not moving forward this legislative session.

Assembly Bill 2176 - Free Student Transit Passes, authored by Assembly Member Chris Holden, would require transit agencies to provide free transit passes for community college and university students of public institutions state-wide in order to be eligible for state funding. We understand this bill will be advanced this year, however, it will be amended in some form. Those amendments are not available as of the writing of this report. The current version of the bill does not provide funding.

The Board adopted a work with author position on AB 1350 (Gonzalez) in January 2020. The Board has previously supported legislative efforts to create funding opportunities for students, in particular those who ride Metro's system. The Board's support has been directed towards creating incentives or increased funding. AB 1350 and 2176 take a different approach by creating a mandate. Staff would suggest that while we would support increasing assistance for those in need who ride our system there may be other ways to achieve this objective. We would like to work with the Assembly Members to explore a more appropriate way to identify additional state funding or other mechanisms that could be provided rather than pursuing this objective through a mandate.

The California Transit Association (CTA) is conducting a study to analyze potential impact to all transit agencies and identify funding sources. Staff will continue to work with Assembly Member Holden to address the Boards' concerns as he advances his legislation.

## Potential Funding Opportunities

### McKinney – Vento Act Requirement for Federal Funding for Title 1 Schools

Youth experiencing homelessness are automatically eligible for Title I, Part A services, whether they attend a Title I, Part A school, or meet the academic standards required of other students for eligibility. Funds reserved for homeless students under Title I, Part A may be used to provide children and youth experiencing homelessness with services not ordinarily provided to other students, including transportation to and from the school of origin. Title I funds are based on mathematical formulas involving the number of children eligible for Title I support and the state per pupil cost of education. All L.A. County school districts whose schools are receiving Title I, Part A funds must include in their plan a description of how the district's Title I, Part A program is coordinated with its McKinney-Vento program.

462 out of 5,647 schools in LA County receive Title 1 federal funds and are required to provide services for students experiencing homelessness, including transportation services. These services could be provided by school buses, public transit, or other means, such as an on-demand service.

McKinney-Vento subgrants are also provided by the U.S. Department of Education's Education of Homeless Children and Youths (EHCY) Program and are distributed to the California Department of Education who must distribute a portion of their State McKinney/Vento allocation to school districts through a competitive subgrant process. The subgrants are intended to meet a range of needs for homeless students, not just transportation needs. School districts that receive a subgrant may use these funds to "defray the excess cost" of providing transportation to students experiencing homelessness. During FY 2018-19, the LA County Office of Education received \$237,500 in funding for its Education for Homeless Children and Youth Program.

The Metro Board passed Motion #43 in January 2020 (File #[2019-0879](#)) that set a K-12 pricing structure for the U-Pass Program to be used to provide homeless support services under the McKinney-Vento Act. Converting existing monthly pass programs or stored value to U-Pass will potentially save the schools costs for administering these programs and paying for full fare, since many students may not be riding every day. According to the ridership data from the current fiscal year on page 3 of this report, there were 5,053,059 boardings taken on Metro and other transit agencies by 57,224 unique Metro K-12 cards over the 30 weeks from August 2019 through February 2020. This is an average weekly ridership rate per student of 2.9 boardings per week or 12.6 boardings over 30 days, which would result in a monthly cost of \$9.45 at \$0.75 per boarding under the K-12 U-Pass pricing structure. **Transitioning Homeless Student Services to the U-Pass program has the potential to save schools up to \$14.55 per student per month (61%) versus \$24 Reduced Fare K-12 passes, while also**

**giving students access to riding the other transit agencies that participate in the U-Pass Program.**

Additionally, schools receive funding for each student in attendance each day, and it is believed that having more affordable access to transit could improve attendance. As an example, LAUSD receives \$68 of funding for each student in attendance each day.

In April 2013, a Los Angeles County Education Coordinating Council (ECC) Report ([http://www.publichealth.lacounty.gov/chie/reports/Transit\\_Passes.pdf](http://www.publichealth.lacounty.gov/chie/reports/Transit_Passes.pdf)) called for LA County (LAC) school districts to work with the Metropolitan Transportation Authority (MTA) to provide free, unrestricted transit passes available to all students from preschool to college passes. This study found that for every one percent decrease in unexcused absences at LAUSD, students would receive an additional 29,000 more instructional hours per year and the district would receive an additional \$125,000 each year in funding. A 5% decrease in unexcused absences could result in an additional \$625,000 per year in funding for schools.

According to the 2019 University of California Irvine (UCI) study [A Review of Reduced and Free Transit Fare Programs in California](https://escholarship.org/uc/item/74m7f3rx), “Based on a review of the available literature and interviews with experts, the LAC Department of Public Health (DPH) and the ECC concluded that providing unrestricted passes to all LAC students could increase transit ridership by 6 to 14 percent in the first 2 years (63,200 to 158,000 extra riders daily), and by as much as 26 percent after 10 years (284,000 daily riders). It could also improve school attendance and have a number of health and other benefits, but it was not possible to reliably quantify these benefits because of data limitations. MTA’s revenues could, however, decrease by more than one-fifth as a result (a loss of roughly \$71 million) [31]. Such a program has not yet been implemented.” (<https://escholarship.org/uc/item/74m7f3rx>).

Staff hopes that moving forward, we will be able to use aggregated attendance data to show the positive correlation between access to transit and improved attendance.

Other potential funding opportunities:

- **Student transportation fees** – The UCLA Graduate Student Association (GSA) recently voted to increase the GSA student fee by \$25.04 per quarter or \$37.56 per semester (depending on program of study), for a duration of three years, from Fall 2020 through Spring 2023 in order to provide unlimited free access for graduate students on all public transportation providers in Los Angeles County who are participating in Metro’s U-Pass Program.

Similarly, students at eight of the nine Los Angeles Community College District (LACCD) campuses recently approved a \$13 per semester fee to

offset U-Pass costs. U-Pass Programs exists at 4 of the 9 LACCD schools, plus College Promise Program participants at all 9 schools. Metro staff estimates that \$13 fee will cover the cost of participation for up to 8% of LACCD students. However, there is a need to identify a funding source for a potential gap in funding of up to \$10 Million per year, based on LACCD estimates that up to 40% of students would participate.

Other schools are moving in a similar direction, and recent articles by students have expressed the value of this investment:

- <http://www.uscannerbergmedia.com/2019/12/03/metro-upass-could-change-the-way-undergraduate-commuter-students-access-their-education/>
  - <https://dailybruin.com/2019/12/12/throwback-thursday-improvement-of-uclas-transportation-options-has-been-stuck-in-park-for-years/>
- **Measure M 2% for ADA Paratransit and Metro Discounts for Seniors and Students** – While a portion of this subfund is dedicated to keeping fares affordable for students, seniors, and the disabled, the total amount is committed to the Low-Income Fare is Easy (LIFE) program as specified in the Board-approved Measure M Guidelines. The funding is therefore not available for a new program offering free student fares. Additionally, because U-Pass fares are typically lower than K-12 student and College/Vocational fare rates, U-Pass participants do not qualify for LIFE discounts.
  - **Measure M Local Return** - Subsidizing student transit passes would be an allowable use of Measure M Local Return funds. Each jurisdiction has total control of their Local Return funding as long as the money is spent on eligible expenses, pursuant to the Measure M expenditure guidelines. Allocating this money to pay for free K-12 fares would be at the discretion of each local jurisdiction.
  - **SB 743 Vehicle Miles Traveled (VMT) Reduction Clearinghouse** – A program being piloted by the Southern California Association of Governments (SCAG), LADOT, and Metro will potentially allow for private developer funding sources for traffic mitigation to support public Transportation Demand Management (TDM) programs. Metro’s U-Pass Program is scheduled to be one of the first programs tested under this model.
  - **CalStart Clean Mobility Options Voucher** – A one-time grant opportunity offering up to \$1 Million per public agency (which could be a school district or school) on a first-come, first-served basis with \$20M total available this year. These funds are only eligible to be used for bike share stations or other shared on-demand mobility services, including marketing and administration, with a maximum of 10% going toward fare subsidies. Other grant opportunities may become available.
  - **Other city/county/school district funding** - Including fees for unnecessary driving and parking
  - **Other grant funding** – Staff is constantly searching for other forms of funding that may be applied to student fare programs

## Recommendations for Cost-Sharing

“A Review of Reduced and Free Transit Fare Programs in California” published in 2019 by the University of California at Irvine (UCI) in collaboration with the CTA in its conclusion states:

In particular, the “insurance” model, where a large group of potential transit riders (such as all students at a college or all employees in a large firm) periodically pays a lump sum to a transit agency while only a subset of that group actually uses transit, has the potential to enhance mobility and increase transit ridership, while improving the financial health of the participating transit agency...”

“While programs based on the insurance model have the potential to be financially self-sustaining, outside funding should be considered for those addressing the special needs of low-income groups including students, unemployed people, veterans, the elderly, and people with disabilities.” To enhance the success of a free or reduced transit pass program, it is critically important to understand the transportation needs, travel preferences, and the socio-demographic characteristics of the intended recipients. Making transit more accessible via free or reduced transit fare programs is not sufficient; transit should also be convenient, clean, and safe.”

### **Transit Dependency and Student Interest**

Data from the Manual Arts Pilot Program shows only 4% of students who signed up were not already taking transit in some form, 59% were already taking transit to school, 29% were walking to school and 11% were being dropped off.

In addition, after 6 months of the Manual Arts Pilot Program, only 210 students had registered for 400 available free passes (52%).

Further research will need to be conducted in collaboration with LAUSD and other school districts to determine transit dependency and interest of switching to transit as a result of potential free fares.

Staff recommends using this time of distance learning to work with school districts to survey students regarding their future transportation needs.

### **Municipal Operators**

Nine municipal operators are currently participating in the U-Pass program and are reimbursed for student boardings at the end of each semester through that program. Several additional operators are also in the process of joining the

program. Any funding opportunities or policy decisions made about the U-Pass Program will include these operators. Discussions regarding other student fare program options will also include all regional operators.

## **Mapping Transit Needs and Services**

This research will need to be conducted in collaboration with Metro Service Planning, LAUSD, and other school districts in consideration of Metro's NextGen bus system restructuring. We will also need to determine how many students live within walking and biking distance from school, and if those students will require transit passes as well.

## **RECOMMENDATIONS**

1. Staff recommends moving forward with implementing K-12 U-Pass Programs for Homeless Student Services with LAUSD, PUSD, or any other school district that expresses interest as approved by the Metro Board in January 2020 as Item #43, File #[2019-0879](#). While this would likely result in a revenue loss for Metro, it would also establish a cost-sharing model for these programs and provide a mechanism for testing administrative processes that can be scaled up to include more schools and districts in the future. This would also fulfill the Board directive of focusing on equity by helping the students with the greatest need first.
2. Work with LAUSD and other districts to survey students while they are "Safer at Home" to gather additional details about future transportation needs
3. Work with Move LA, LA Promise Fund and LAUSD to survey students at Manual Arts High School to gather information on barriers to utilizing free transit passes under the "Just Transit" Pilot Program.

## **NEXT STEPS**

1. Continue Internal Working Group meetings and establish and establish External Working Groups with school districts and transit agencies
2. Launch U-Pass Pilot Program with LAUSD and PUSD
3. Conduct surveys of Manual Arts, LAUSD and other students
4. Report additional K-12 and College updates to Board in June 2020





## Board Report

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**File #:** 2019-0879, **File Type:** Program

**Agenda Number:** 43.

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**EXECUTIVE MANAGEMENT COMMITTEE  
JANUARY 16, 2020**

**SUBJECT: ESTABLISH K-12 U-PASS PRICING AND CONTINUE REGIONAL U-PASS PROGRAM**

**ACTION: APPROVE RECOMMENDATIONS**

**RECOMMENDATION**

APPROVE

1. The establishment of a K-12 pricing structure for the Universal Student Pass (U-Pass) Program for homeless student services programs at \$0.75 per boarding to match the college program, capped at \$24 per month for Metro boardings to match the existing K-12 Reduced Fare monthly pass.
2. The continuation of the Regional U-Pass Program for College/Vocational schools at the existing rate, which is each agency's college fare rate, up to \$0.75 per Boarding, capped at \$43 per month to match the College/Vocational Reduced Fare monthly pass.
3. The establishment of a Regional K-12 pricing structure for homeless student services programs, which is each agency's K-12 fare up to \$0.75 per boarding, capped at the highest monthly K-12 fare rate of all agencies used by the institution's students or \$40 per month, which is the highest monthly K-12 fare in the region, if no K-12 monthly fare exists at those agencies

**ISSUE**

As part of an ongoing effort to pursue strategies to increase student transit ridership, motion 49.1 requested an assessment of the feasibility of piloting a Universal Community College Student Transit Pass Program (See Attachment A).

The U-Pass Pilot Program ran for two years from Fall 2016 through Summer 2018 and U-Pass became a permanent program effective Fall 2018.

## **DISCUSSION**

Since the launch of the U-Pass program, Metro has increased its partnerships from four schools to 21 schools (425%) and has increased participants 72% from 7,402 riders to 12,752 riders.

The U-Pass program was originally designed to partner with community colleges, universities and trade schools to utilize technology and improve accessibility to reduced fares to increase student ridership, while keeping costs low for students. Students of participating schools can purchase semester passes online or on campus. They receive a sticker with an embedded TAP chip, which turns their student ID into a TAP card that can be renewed each semester. Schools partner with Metro in co-branded marketing efforts and collect payments from students to fund the program. At the end of the semester, the schools are only billed for actual rides taken by students at the reduced rate of up to \$0.75 per boarding and the maximum charge is capped at the equivalent of \$43 per student per month (\$10.03 per week) to match the existing College/Vocational Reduced Fare.

Staff has created boilerplate Memoranda of Understanding (MOUs) approved by County Counsel and standard administrative procedures to make the U-Pass Program easy to implement, while also placing a high value on allowing schools to administer the program in the way that works best on their individual campuses.

As of Fall 2019, Metro launched the first K-12 Pilot Program at Manual Arts High School (MAHS). Through a grant from the 11<sup>th</sup> Hour Schmidt Family Foundation administered by Move LA and LA Promise Fund, passes were purchased for the Junior class at MAHS for the entire academic year (40 weeks) at a cost equivalent to the K-12 monthly reduced fare rate of \$24 per month or \$5.60 per week. Participation in the K-12 Pilot Program requires completion of Metro's K-12 application, which includes parental permission.

Los Angeles Unified School District (LAUSD) and Pasadena Unified School District (PUSD) have both contacted Metro to get permission to use the U-Pass program format to purchase passes for their homeless student populations as required under the McKinney-Vento Homeless Assistance Act. LAUSD has an estimated 18,000 homeless students and PUSD has an estimated 850 homeless students that receive free services from the district. As a result of tokens being phased out in November 2019, providing this assistance has become more challenging for schools and districts. Because this student population is more fluid and transit pass usage is likely to be less consistent, the U-Pass format of the school or district paying a per boarding cost capped at the equivalent of the monthly pass cost would work better than purchasing monthly passes for all participants.

Staff is recommending implementing the U-Pass option for homeless student services programs at K-12 schools by doing the following:

1. Invoice K-12 schools the at the same per boarding rate as the colleges, which is the agency's student rate up to \$0.75 per boarding (per the chart below, there are four agencies that have a K-12 fare lower than \$0.75, and the remaining U-Pass agencies and Metro would be invoiced at \$0.75 per boarding); and
2. Cap the average monthly cost at the board-approved K-12 monthly reduced fare rate,

which is currently \$24 per month or \$5.60 per week. If the Board changes the K-12 monthly fare rate in the future, the K-12 U-Pass monthly cap would also change accordingly.

Other Transit Agencies' K-12 Per Boarding Fare	
Culver CityBus	\$0.50 per boarding
GTrans	\$0.70 per boarding
Montebello Bus	\$0.75 per boarding
Pasadena Transit	\$0.50 per boarding
Torrance Transit:	\$0.50 per boarding

The pricing structure above does not represent a change in either the U-Pass per boarding rate or the K-12 monthly fare rate. Currently, the \$24 K-12 monthly fare rate only covers boardings on Metro and the U-Passes are valid on Metro and ten additional transit agencies. Therefore, if the K-12 U-Passes are used on regional transit agencies, and the cost to cover the Metro boardings and reimburse boardings on other agencies exceeds the \$24 monthly cap, then staff is recommending that the additional charges be handled as outlined in the following section.

### Regional U-Pass

Metro currently has signed reimbursement agreements with ten additional transit agencies, where the agency adds U-Pass products to their fareboxes and Metro reimburses the agency for the fare for all U-Pass boardings at the end of each semester at the U-Pass rate or their current college rate, whichever is lower. These agencies are: Big Blue Bus, Culver CityBus, Glendale Beeline, GTrans, LADOT DASH, Long Beach Transit, Norwalk Transit, Montebello Bus, Pasadena Transit and Torrance Transit. Additional transit agencies have also expressed interest in joining the U-Pass Program. These boardings are included at no additional charge under the college U-Pass, and thus far the cost to reimburse other transit agencies has not exceeded the revenue collected for those boardings. Staff will continue to work with regional transit agencies and Metro's Office of Management and Budget (OMB) to determine if future pricing adjustments need to be made to the college Regional U-Pass based on the cost of reimbursing the other agencies and will seek Board approval if fare adjustments are required. Under this recommendation, K-12 Boardings would be reimbursed at the agency's K-12 per boarding fare up to \$0.75.

However, due to the lower monthly fare cap for K-12 boardings, the lower revenue generated by the K-12 U-Pass may not be enough to reimburse the other transit agencies at their full rate without charging additional costs to the participating schools or districts. Staff is proposing that the cost for Metro boardings be capped at the equivalent of the Metro K-12 monthly reduced fare rate, which is \$24 per month or \$5.60 per week. If the cost to reimburse additional transit agencies exceeds \$24 per month, staff is proposing that the institution be invoiced for the overage, with the total average cost capped at the monthly K-12 rate of the agencies used during the semester pass period, if one exists. For instance, if a school's students used only Metro and Torrance Transit, the cost would be

capped at the monthly equivalent of \$30 per month (\$7 per week) per student (see agencies' established K-12 monthly rates below). If a K-12 monthly rate has not been established by the agency or if the boardings were used on multiple agencies, staff is recommending the total cost be capped at an average of \$40 per month (\$9.33 per week) per student, which is the highest monthly K-12 fare in the region (see chart below). As of Spring 2019, 91% of all Regional U-Pass boardings were used on Metro services, and the total amount reimbursed to other agencies was only \$101,947.10 of over \$1.2 million collected in U-Pass Fare Revenue.

Other Transit Agencies' Monthly K-12 Reduced Fare	
Big Blue Bus	\$30 Youth 30-Day Pass
Foothill Transit	\$36 31-Day Pass
Glendale Beeline	\$22 31-Day Pass
Long Beach Transit	\$40 Monthly Student Pass
Montebello Bus	\$30 Monthly Student Pass
Torrance Transit	\$30 Monthly Student Pass

**DETERMINATION OF SAFETY IMPACT**

This program does not affect the incidence of injuries or healthful conditions for patrons or employees. Therefore, approval of this request will have no impact on safety.

**FINANCIAL IMPACT**

In FY '19, the U-Pass Program generated \$2.7 million in total revenue and paid \$112,595 in reimbursements to other agencies.

Impact to Budget

The funding source for the MCS programs is Enterprise Fund operating revenues including sales tax and fares. The source of funds for this action, operating revenues, is eligible to fund bus and rail operating and capital expenditures.

The continued expansion and support of the U-Pass program may warrant an evaluation of the staffing for future years as part of the budget process.

**ALTERNATIVES CONSIDERED**

1. Metro will continue to offer the regular monthly College/Vocational and K-12 Reduced Fare Passes for students and schools not participating in the U-Pass pilot program.

**NEXT STEPS**

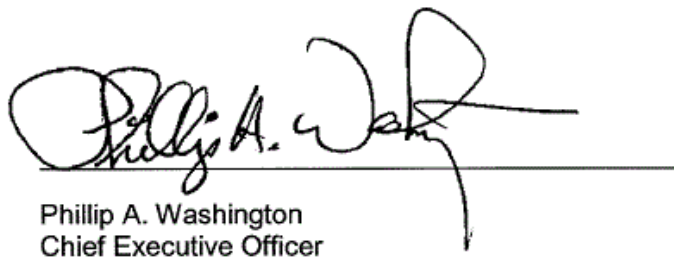
1. Establish long-term contracts with new K-12 U-Pass schools to support homeless student services programs.
2. Continue to grow ridership at all partner schools by 10% each year.
3. Continue to seek additional funding to further reduce the cost of the program to schools and will work with schools to identify other sources of funding such as grants, parking fees and/or fines, student association fees, and/or activity fees and/or referendums and as a means of subsidizing the program.
4. Continue to partner with schools to address transit service and service alignment issues.

### **ATTACHMENTS**

Attachment A - File #:2016-0333, Board Report on Approve Adoption of Universal College Student Transit Pass (U-Pass) Pilot in response to Motion 49.1

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Phillip A. Washington  
Chief Executive Officer



## Board Report

File #: 2020-0514, File Type: Informational Report

Agenda Number: 40.

### EXECUTIVE MANAGEMENT COMMITTEE AUGUST 20, 2020

**SUBJECT: EQUITY AND RACE PROGRAM UPDATE**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE status report on the Equity and Race Program.

#### **ISSUE**

This report outlines the activities taken under the leadership of Metro's new Executive Officer, Equity and Race and plans to continue implementing the Metro Equity Platform Framework adopted by the Board in March 2018.

#### **BACKGROUND**

Metro's Equity Platform ("Platform") was approved by the Metro Board of Directors ("Board") in March 2018 (Attachment A). The core objective is to increase access to opportunities including housing, jobs, healthcare, education, and other key determinants of health and thriving communities. The Platform is explicit in its focus on the vast disparities that exist in access to opportunity and is intended to help identify and implement projects or programs that reduce and ultimately eliminate those disparities. It is driven by access needs, not geographic equality, though some disparities have a geographic element.

The Platform provides a framework for advancing equity. It has been incorporated into Metro's Vision 2028 Strategic Plan and must be a critical factor in our decision making. In 2019, Metro published an Equity Platform FY19 Activation Plan (Attachment B) to highlight the Platform's broad portfolio of current, planned, and conceptual initiatives, and to show the Platform's intent and the distance the agency still has to go to fully realize the Platform's potential and impact for change. In January 2020, Metro welcomed the first Executive Officer, Equity and Race to lead, coordinate, and develop implementation of efforts under the Platform.

#### **DISCUSSION**

The Equity Platform stands on four pillars - Define and Measure, Listen and Learn, Focus and Deliver, and Train and Grow. Progress over the last six months and objectives for the future under

each of the four pillars are outlined below:

**A. Define and Measure**

Under this pillar, we are tasked with defining equity, defining the target communities in need of more equitable transportation investments, determining how to measure disparities and gaps in opportunity, and understanding the benefits and burdens of our services, programs, and policies and how they are shaped by those disparities and gaps.

- 1. Equity Definition** - Since the adoption of the Equity Platform, there has been a growing need to define equity, to help orient Platform efforts, and clarify what equity is and is not in the context of the Platform. Accordingly, Metro has developed the following definition of equity. Moving forward it will be used to orient our work around equity and create project specific equitable outcomes.

“Equity is both an outcome and a process to address racial, socioeconomic, and gender disparities, to ensure fair and just access - with respect to where you begin and your capacity to improve from that starting point - to opportunities, including jobs, housing, education, mobility options, and healthier communities. It is achieved when one’s outcomes in life are not predetermined, in a statistical or experiential sense, on their racial, economic, or social identities. It requires community informed and needs-based provision, implementation, and impact of services, programs, and policies that reduce and ultimately prevent disparities.”

- 2. Defining High Need Areas** - One of the first steps Metro took under this pillar was to try to identify target communities, where strategic transportation investments can have the greatest impact in eliminating disparities. Accordingly, in September 2019, the Board approved the Equity Focused Communities (EFC), as a working definition. This definition has been used in various projects from the Long Range Transportation Plan (LRTP) to the Business Solution Center Expansion study to the TOC Implementation Plan. Other projects have created project specific definitions of high need areas, that include some EFC factors (race, income, car ownership), along with additional factors. The NextGen Bus Study and Plan’s Transit Propensity Index is a great example. Moving forward, the Executive Officer, Equity and Race will continue to work with project teams across the agency from the Better Bus Initiative to the Goods Movement Strategic Plan to the Comprehensive Pricing Study, and community members, as they work to understand disparities and needs in the context of their specific projects.

- 3. Agency-wide Equity Assessment** - While it’s important to address the equity impacts of each Metro decision, it’s also important to understand how we are performing at a macro -level, what decisions and strategies would help the agency perform better, and how to prioritize decisions and investments based on equity. To that end, over the next year the Office of Equity and Race will explore development of an agency-wide equity study, to create a baseline understanding of key disparities, challenges, successes, and opportunities, including community and employees perceptions of Metro’s performance related to Equity, Diversity, and Inclusion. We will then use that to inform an Equity Strategic Plan. While there are resource constraints, given the importance of this work, we will consider a phased approach.

**B. Listen and Learn**

Under this pillar Metro must improve its efforts to listen and learn from the communities that we serve, to understand how to better serve them. It pushes us to focus on the needs of those faring the worst, recognizing that opportunity doesn't trickle down, it cascades up, and if we understand how to increase access to opportunity for those faring the worse, we will be able to increase access for all. It also focuses on meaningful community engagement as opposed to outreach. To implement this pillar, the Executive Officer, Equity and Race has joined ongoing projects and engagement efforts, been appointed to lead, partner with, or develop new workgroups, and joined national and local conversations about Equity in transportation and the built environment.

- 1. Community Based Organization (CBO) Partnership Strategy** - Responding to lessons learned from the Blue Line, First/Last Mile Plan's transformative approach to partnering with Community Based Organizations, the Communications, Planning, Vendor and Contract Management Departments have continued to prepare a new policy to guide enhanced partnerships with CBOs on several levels, including a clear process for contracting opportunities within Metro's larger public engagement efforts. The Executive Officer, Equity and Race has joined this team and Metro is exploring how her office can support this effort as it moves to implementation.
- 2. Community Safety and Security** - Another outgrowth of the work on the Blue Line, First/Last Mile Plan was the formation of the Community Safety and Security Work Group (CSSWG). In early 2019, it was developed to help Metro work with community members to listen to and address neighborhood and rider concerns regarding Metro safety and security. Upon joining Metro, the Executive Officer, Equity and Race was appointed to lead the CSSWG and hosted one meeting in May 2020. In July 2020, the Metro Board directed Metro's Chief Executive Officer to establish a Transit Public Safety Advisory Committee that incorporates the existing CSSWG. As directed the Executive Officer, Equity and Race will work with the Committee, Office of Civil Rights, Executive Officer for Customer Experience, and the Office of Safety, Security, and Law Enforcement to develop a community-based approach to public safety on the transit system.
- 3. WHAM Taskforce** - The WHAM Taskforce includes representatives from each of the agencies overseeing Measures W, H, A, and M and its goals are to create efficiencies across the programs, eliminate redundancies, coordinate programmatic and project planning, implement specific multi-benefit projects, and leverage W, H, A, and M funding with existing County and other funding resources. The Executive Officer, Equity and Race is the Metro representative on the task force and will coordinate across the agency to fulfill Metro's tasks under the Taskforce's strategic plan.
- 4. Aging Disability Transportation Network (ADTN)** - The ADTN is a coalition of groups working with people with disabilities and older adults, formed in 2017, which emerged through advocacy efforts starting with development of the 2016-2019 Coordinated Plan. The ADTN has partnered with Metro in the development of the Board directed 2019 Aging and Disability Report and the corresponding Forum, and will continue partnering with Metro as we work to draft the next Coordinated Plan and address various recommendations from



the coalition to better support people with disabilities and older adults. The Executive Officer, Equity and Race has been appointed to lead Metro's efforts in partnering with the ADTN and will lead coordination across the agency to support related efforts to better meet the needs of people with disabilities and older adults.

5. **Equity Advisory Board** - While Metro will continue partnering with the Equity Committee of the Policy Advisory Council as a technical advisory body as we work to implement the Equity Platform, we are still exploring the development of an Equity Advisory Board. This board would include Equity thought leaders throughout LA County, California, and potentially, the Country. This would be an interdisciplinary group charged with advising the agency on specific topics and issues with equity concerns, especially those which intersect between transportation and other disciplines and opportunity areas.
6. **National and Local Conversations** - Since joining Metro, the Executive Officer of Equity and Race has been very active in local and national conversations around Equity, Diversity, and Inclusion in Transportation and the Built Environment. She has participated in virtual panels hosted by various industry partners from the American Public Transportation Association to Transit Center to the Rail~volution National Steering Committee. She has also participated in panels hosted by local chapters of industry associations including the American Planning Association, Urban Land Institute, and American Institute of Architects. She has presented to or led conversations with local stakeholder groups from Move-LA and Investing in Place to the San Fernando and Gateway Cities Council of Governments. As implementation of the Equity Platform continues, the Office of Equity and Race will continue participating in national and local conversations to discuss best practices, learn from other experts in the field, build partnerships, and generally support and encourage efforts to advance equity in transportation and the built environment.

C. **Focus and Deliver**

This pillar charges Metro with carrying out processes supported by the Equity Platform objectives and principles, which ensure that our actions, programs, and policies lead to more equitable outcomes. It incorporates what's learned from the first two pillars to help us plan, build, invest, and operate in a manner that removes barriers and supports increased access to opportunity for all.

1. **Equity Tool** - Since January 2020, the Executive Officer, Equity and Race has explored the development of a guiding tool to help Metro consistently identify equity concerns and solutions to improve access to opportunity. While the EFC definition helps define high need communities, the Equity Tool will help support more substantive assessments of impacts on those communities by exploring and answering key questions. While still in the development phase, in its current draft form, the tool is a form with a series of questions to guide Metro in developing, implementing, and evaluating programs, plans, and other decisions. It is based on two ideas: 1) deep-rooted and pervasive racial and socioeconomic inequities exists that create disparate impacts, even when the intention is to help all, and 2) we must understand the root causes of those inequities in order to develop solutions that help those faring the worse to actually improve access to opportunity for all. It's based on

the results-based accountability framework developed by Mark Friedman, which is also the basis of the race equity tools developed by the Government Alliance on Race and Equity, in which Metro is a member. During Fiscal Year 2021, the Executive Officer, Equity and Race will work with the Equity Liaisons (see below) and the Equity Committee of the Metro Policy Advisory Council to finalize the draft tool and pilot it on at least three projects.

2. **Rapid Equity Assessment** - Early on during the COVID-19 Crisis, the Executive Officer, Equity and Race recognized the need to center our emergency and fast response decisions on equity. Subsequently, she was appointed as a member of the COVID-19 Recovery Taskforce (Taskforce), and by the second meeting the Taskforce established an equity subcommittee which the Executive Officer, Equity and Race would lead. The committee agreed that they needed a tool to help assess all recommendations that would come from the Taskforce. Initially they explored the draft Equity Tool but determined they needed something simpler for the fast-paced nature of the taskforce process. The Executive Officer, Equity and Race drafted the Rapid Equity Assessment (Attachment C) and worked with the Equity Subcommittee to pilot and fine-tune it. The Rapid Equity Assessment tool has been applied to all Taskforce recommendations and used to help prioritize decisions. In an effort to expand its use, the tool was presented to the Metro Senior Leadership Team. Over the next fiscal year, the Executive Officer, Equity and Race will work with the Equity Liaisons to build capacity to use the Rapid Equity Assessment Tool across the agency, with a goal of eventually requiring use of an equity tool for most Metro decisions.
  
3. **Agency-wide Project Support** - Since the establishment of the Equity Platform, Metro has worked to incorporate its principles into various projects and programs, including some that are at or near completion, such as NextGen, the Understanding How Women Travel Report, and the Long Range Transportation Plan, to name a few. Over the last six months, the Executive Officer, Equity and Race has assisted with new and on-going projects to do the same. From the COVID-19 Recovery Taskforce to the 710 South Project, the Comprehensive Pricing Study to Transit Oriented Communities Implementation Plan and several others, she has worked in roles that range from occasional consulting to regular workgroup membership, to support projects as they explore how to create more inclusive project development processes and plan for equitable project outcomes. These efforts will continue into FY21 and be supplemented as Metro expands Office of Equity and Race and trains its Equity Liaisons and others to support this work.

#### **D. Train and Grow**

This pillar focuses on Metro as an organization and recognizes that successful implementation of the Equity Platform requires commitment, education and training, and prioritization of the Platform's principles across Metro at all levels and in all departments. This pillar will be implemented by efforts of the Office of Equity and Race as well as the Department of Civil Rights and Inclusion in partnership with the Department of Human Capital and Development and other Departments, as applicable.

1. **Agency-wide Education and Conversations** - The Executive Officer, Equity and Race joined Metro in late January, just before the COVID-19 pandemic reached Los Angeles

County and a few months before the civil unrest sparked by the deaths of George Floyd and Breonna Taylor began. Between the public health crisis' disproportionate impact on Black, Latinx, and Indigenous communities, the rise in COVID-19 related racist attacks on people of Asian descent, and the spotlighting of historic and present systemic racism and anti-blackness in America, the need and desire to have conversations and develop actions to create a more equitable and inclusive society at Metro have only amplified.

To meet that need and implement this pillar, the Executive Officer, Equity and Race has met with various units and sometimes departments to present on the Equity Platform and discuss how Metro can advance equity through our work. She has also joined the Metro Chief Executive Officer and Chief Civil Rights Officer to facilitate an employee town hall to discuss the civil unrest. She has presented to SLT to introduce the Rapid Equity Assessment and explore eventually requiring an equity section in all board reports.

Metro will work to build the internal infrastructure to support a future required equity section in all board reports, that provides a substantive analysis of a decision's equity impacts. The Executive Officer, Equity and Race will continue meeting with staff across the agency and explore the development of a racial equity training for all staff. In the more immediate, the Executive Officer, Equity and Race is working to launch a voluntary Justice, Equity, Diversity, and Inclusion (JEDI) Book Club for employees who want to educate and empower themselves to be JEDI advocates.

- 2. Equity Liaisons** - In June 2020, the Executive Officer, Equity and Race established the Equity Liaisons Working Group, which includes one to two staff from each Metro department. The Liaisons were nominated by their respective SLT member and are leaders in their departments, with interest in helping Metro advance equity and a desire to learn and grow. The goal of the Equity Liaison Working Group is to build an internal team of equity fluent leaders to help support implementation of the Equity Platform. The Equity Liaison work plan includes, but is not limited to, learning key concepts related to justice, equity, diversity, and inclusion; being trained to use, help test, and strengthen the application of equity tools; advising on Equity Platform implementation efforts; and helping to identify opportunities and challenges to addressing equity within each department and the agency as a whole. The Equity Liaisons meet regularly and will continue through FY21 and beyond.

In summary, these highlighted initiatives should not be viewed as the only elements that will impact, support, or add to the implementation of the Equity Platform. The Platform will be carried out through an ongoing portfolio of agency actions.

## **FINANCIAL IMPACT**

Implementation of the Equity Platform will in many cases involve shaping and adjusting the direction of current projects within existing budgets. In other cases, it will require new activities and program development. Metro will need to build the staff infrastructure and provide sufficient resources to support all Equity Platform implementation activities. Where a proposed equity-based initiative requires stand-alone revenues, a separate budget action would be taken.

### **Impact to Budget**

There is no impact to the existing extended FY19-20 budget as a result of this Receive and File

report.

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

This recommendation supports strategic plan goals #1.1, 3.1, 3.2, 3.3, and 3.4 by helping Metro to target infrastructure and service investments toward those with the greatest needs and enhancing communities and lives through mobility and access to opportunity. Implementation of the equity framework is an explicit recommended action under the goals 1.1 and 3.3, and it supports actions under 3.1, 3.2, and 3.4.

### **NEXT STEPS**

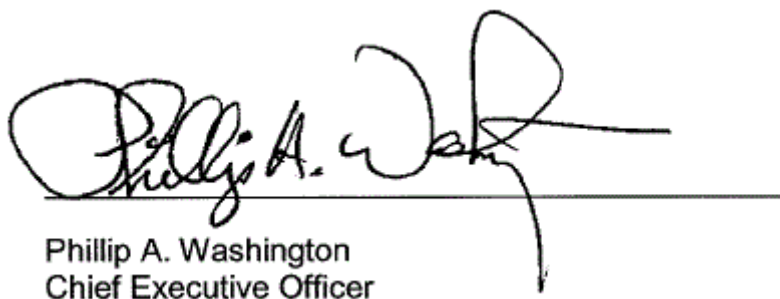
Staff will report on milestones achieved on individual Equity Platform actions and provide overall updates on an ongoing basis, as appropriate.

### **ATTACHMENTS**

- Attachment A - Metro Equity Platform Report
- Attachment B - Equity Platform FY19 Activation Plan
- Attachment C - Rapid Equity Assessment Tool

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Phillip A. Washington  
Chief Executive Officer



**Board Report**

**File #:** 2017-0912, **File Type:** Policy

**Agenda Number:** 21.

**REVISED  
EXECUTIVE MANAGEMENT COMMITTEE  
FEBRUARY 15, 2018**

**SUBJECT: METRO EQUITY PLATFORM FRAMEWORK**

**ACTION: ~~RECEIVE AND FILE~~ APPROVE METRO EQUITY PLATFORM FRAMEWORK**

**RECOMMENDATION**

APPROVE Metro’s Equity Platform Framework.

**ISSUE**

Access to opportunity should be a core objective of public decision making, public investment, and public service - and transportation is an essential lever to enabling that access. Unfortunately, there exists vast disparity among neighborhoods and individuals in Los Angeles County in their ability to see and seize opportunity - be it jobs, housing, education, health, safety or other essential facets of thriving in vibrant, diverse communities. A multi-point equity platform provides a basis for Metro to actively lead and partner in addressing and overcoming those disparities.

Metro staff does not approach the subject of equity lightly or uninformed. The adoption of Measure M included performance metrics that were tied to disadvantaged communities. The major revision to the Long Range Transportation Plan has committed to incorporating equity as a crosscutting issue since its introduction to the Board in February 2017. The Policy Advisory Council has flagged this as a major topic of interest. Most importantly, recent and engaged experience with community members with several projects (i.e., First/Last Mile planning, the Transformative Climate Communities grant for Rail to Rail, and a body of innovative workforce development initiatives) all underscore both the timeliness and urgency that equity considerations bring to Metro’s portfolio. In addition, staff informally reached out to representatives from academia, foundations, advocacy organizations and local government in developing this platform. Their demonstrated experience in research and collective action, and their candid feedback on challenges and opportunities in the equity space were invaluable.

**DISCUSSION**

Metro’s multi-point equity platform is wrapped around four pillars.

First, we need to define a common basis for talking about and building an agenda around equity, and how to improve it.

- Equity holds different perspectives and priorities for everyone and anyone who will be part of

this conversation.

- At its core, *inequity* exists when there are fundamental differences in access to opportunity, not just with respect to where you begin, but in your capacity to improve from that starting position.
- Historically and currently, race and class have largely defined where these disparities are most concentrated: in poor, minority communities throughout LA County. Age, gender, disability, and residency also can expand or constrain opportunities.
- It would be presumptuous to begin a truly inclusive conversation with a pre-determined definition of “equity” and all its facets, but Metro can enter into that conversation committing to the following:
  - Establish meaningful goals around a shared definition of equity and actions to achieve those goals.
  - Define metrics to evaluate outcomes and consider redirected actions if needed. It will be particularly critical to infuse equity-based performance metrics in Metro’s investment decisions. These cannot be the only investment considerations. Transportation is rife with tradeoffs. But equity metrics need to be definable, impactful, measurable, accountable, and at the front end of the analysis, not the back end.
  - Seek and invite the diverse range of voices that must participate with Metro in accomplishing the above. Importantly, we need to proactively reach out to those who have remained on the margins of decision-making in the past. These will include historically underserved communities and organizations that represent them. But we must also reach out and hear voices that may not be aligned with established groups.

Second, Metro needs to establish comprehensive, multiple forums to engage the community meaningfully and actively in pursuit of the first step discussed above. An important opening conversation with LA’s community members would address: a) where they believe achieving equity has been problematic - broadly, and specific to transportation’s role; and b) where improved relationships, partnerships and actions aligned with Metro’s portfolio of responsibility can be defined to advance more equitable transportation outcomes going forward.

- This will be a challenging conversation, insofar as it requires the Metro as Board and staff to invite the community to articulate where it has experienced, in fact deeply felt, inequity in Metro’s past. This isn’t a platform for Metro to defend or be defensive; people feel what they feel, and it is going to be impossible to define a new path and build a different position of trust if past experience is not given voice and legitimacy.
- That said, the main point of this conversation forum should be to learn and move forward based on that acknowledgement. This may require reconciling divergent opinions to arrive at some shared goals and actions. Actions going forward may redress past ills - that is to be determined - but they certainly should not repeat them, if at all possible. It is also an opportunity to discuss with community members those initiatives where Metro has actively tackled disparity gaps, such as its growing portfolio of workforce development initiatives.
- Advice and best practices on how to effectively have these community-driven conversations

will be key.

- Metro can start with lessons learned from other cities across the country. San Francisco, Seattle, Oakland and others all have models to tap.
  - These forums would benefit from professional facilitation. Foundations have established several venues that Metro might pivot from (e.g. the on-going national Strong, Prosperous and Resilient Communities Challenge (SPARCC) Initiative includes Los Angeles as a participating city - LA Thrives coalition is the local lead; the California Endowment and others have underwritten numerous initiatives across the County); or seek new support.
- As noted at the outset, Metro consulted with equity thought leaders whose advice informed the core of this platform. Retaining this cross-sectional consultation will be critical to successfully implementing a platform that requires dedication and time. In particular, the community forums envisioned will benefit from a circle of demonstrated leaders. We certainly don't hold all the keys on issues, and making use of the rich resources around us is essential.
- A key step will be to establish a formal or informal advisory group supporting the equity platform, and to incorporate, as appropriate, the equity agenda into existing advisory groups.
- In addition, the following initiatives are also suggested:
- Actively develop and invest in a Community Based Organization (CBO) oriented public engagement program. This approach may not be applicable to every Metro investment, program or activity located in, or otherwise impacting, LA County's historically underinvested (HU) communities. As stated above, we must be mindful that any single group does not represent all voices in every community. However, this approach should be added to and implemented as part of our public process, if we are going to establish and maintain legitimacy within impacted communities when addressing equity issues that they themselves are experiencing directly.
  - Invest in the transportation technical capacity of local governments that serve HU communities. Metro cannot and should not be the sole partner in all transportation or transportation-impacted decisions, legally or practically. And traditional funding and regulatory programs in particular assume effective participation by local jurisdictions. In short, strengthening cities that are home to equity communities is probably a core requirement for a more equitable County. This assistance can range from delivering transportation improvements swiftly and effectively to competing for discretionary funding more successfully; to better supporting more community-inclusive decision-making around transport investments.

Third, the Long Range Transportation Plan (LRTP) must have a concentrated focus on equity. There are two major arenas for that focus to take root.

#### Where Metro Leads

- First and foremost, we must tackle impacts of the LA County's transportation system under our

direct responsibility via Metro's role as transportation planner, operator, builder and funder. As such, equity is a "cross cutting" principle that will be applied throughout the LRTP's development, as reported to the Board in prior presentation's on the Plan's design and rollout.

- Critically, what we choose - or do not choose - to invest in that system is paramount. Over the 40-year span of the LRTP, a considerable amount of funding controlled by Metro is legally or legislatively dictated, such as Measure M. It should be noted that equity related factors were considered as part of the 5 performance measures developed to assess and prioritize Measure M's expenditure plan projects. Specifically, the "Economy" and "Sustainability/Quality of Life" themes included metrics attached to investments in disadvantaged communities. But while there are important additional equity considerations Metro can assess as projects are implemented, there are practical limitations to rethinking or redirecting certain funds that are statutorily prescribed.

However, a significant amount of funding in the long range plan is not yet locked down for 40 years, allowing us to reassess current patterns of investment and either reaffirm them or change them.

- These investment decisions should be based on performance outcomes and, as presented here, front and center considerations should be given to those that actively:
  - advance outcomes that promote and sustain opportunities in underserved communities; or
  - avoid outcomes that lead to or aggravate disparities in opportunity in those communities.
- Notably, investments must be made to operate, maintain and rebuild the existing transportation system, in addition to expanding it. The community's ability to access that transportation system - where, when, how, and at what cost - impacts their opportunities to jobs, housing, education and health. Thus, measuring equity against that access, and for whom, is central to our planning process.
  - In this realm, there will be several, discrete transportation activities that will be developed alongside the LRTP where equity will be front and center: any discussion of "right sizing" fares, redesign of the Metro bus system, our continuing work in Work Force Development and small business support, to name a few.
  - The Long Range Transportation Plan will not duplicate analysis and recommendations in these areas. It will incorporate goals, decisions, and any actions attached to all of them, and will likely help facilitate equity-driven discussions in each of them.
  - These issues address critical transportation access concerns, and will be important venues for coordinating community involvement.

### Where Metro **Partners**

- Beyond its core transportation responsibilities, there will be an expectation to take on a new, countywide, visible equity challenge: the Metro transport system's interface with gentrification/displacement/affordable housing.



- Neighborhoods throughout the county are facing escalating housing costs, real estate developments that are reshaping community culture, and in both cases, frequently forcing existing residents into painful relocation or transportation decisions. Gentrification/displacement/affordable housing is a common thread of concern among elected officials and advocates. And it hits every corner of the County.
- Metro cannot address this subject by ourselves - it will require active partnerships with others, such as the County, cities, Council of Governments, private sector and business as well as community representatives. Foundations are extremely interested in this arena and could bring valuable resources to the table.
- Among other considerations, these issues underscore the complexity of equity concerns and the necessarily complex response to them. By taking up a big problem - but not Metro's problem alone - it gives us the space to explore, experiment and advance change while building necessary partnerships at the outset.

Fourth, we need to pursue equity training within Metro. Successfully setting and delivering on a new equity agenda requires "top to bottom" ownership throughout the agency.

- In recent years, there has been a growing body of equity training designed for governmental agencies. LA County departments have deployed these programs, among others. We intend to explore options and commit to internal education that would be required at certain levels and positions.
- Training would be in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis; and
  - Approaches to effectively communicate and work with communities in a manner that recognizes and respects equity issues.

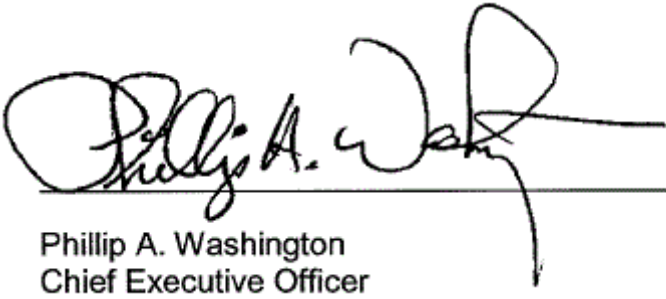
This platform is a starting point, and should be considered a working outline that can be adjusted with experience and feedback. The commitment expressed herein, however, should be a guiding constant - for Metro, our transportation partnerships, and the people we serve.

### **NEXT STEPS**

Staff will proceed to use the Equity Platform as a framework for specific analyses and actions attached to Metro initiatives, as outlined in this report. Progress will be reported periodically to the Board, particularly as it relates to key plans and programs underway, such as the Long Range Transportation Plan.

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Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer



# Metro Equity Platform Framework

Executive Management Committee  
February 15, 2018  
Legistar File 2017-0912



**Metro**

# Metro Equity Platform Framework

Access to opportunity: a core concept to public decision-making, public investment, and public service

- Vast disparity exists in LA County among neighborhoods and individuals:
  - To seize opportunity – jobs, housing, education, health, safety;
  - To improve their circumstances to do so.
- Transportation is an essential lever to enable that access.



# Metro Equity Platform Framework

## Why an Equity Platform now?

- As a transportation leader, Metro can and should address disparities.
- Metro has already signaled a change:
  - Measure M: performance metric considerations
  - New Long Range Transportation Plan committed early to Equity
  - Recent, targeted community collaborations (First/Last Mile, Rail to Rail grant effort)
- Exploratory outreach to LA County equity thought leaders



# Metro Equity Platform Framework

Multi-point Equity Platform built around four pillars:

I. Define and Measure

II. Listen and Learn

III. Focus and Deliver

IV. Train and Grow



**Metro**

# Metro Equity Platform Framework

## I. Define and Measure

Need a common basis to build an equity agenda.

- “Equity” holds different perspectives and priorities for many.
- Inequity → fundamental differences in access to opportunity
- Race and Class—historically and currently—predominate disparities in LA County
  - Concentrated in poor, minority communities
  - Age, gender, disability, and residency also can expand or constrain opportunities



# Metro Equity Platform Framework

## I. Define and Measure (cont.)

- Pursue an inclusive conversation that commits to:
  - Establish meaningful goals around a shared definition of equity – and actions to achieve those goals;
  - Define metrics to evaluate outcomes, including investment decisions;
  - Ensure consideration at the front end, not the back end;
  - Seek out and involve the diverse range of voices that must collaborate on above.





# Metro Equity Platform Framework

## II. Listen and Learn

Establish comprehensive, multiple forums to engage the community meaningfully and actively in defining, measuring and acting on equitable outcomes.

- Open the conversation with LA's community members to address:
  - where achieving equity has been problematic — broadly, and specific to transportation;
  - where improved relationships, partnerships and actions can advance more equitable transportation outcomes going forward.



# Metro Equity Platform Framework

## II. Listen and Learn (cont.)

- Recognizing past experience provides foundation for a different future.
- Community-driven conversation is essential.
  - Seek best practices.
  - Establish distinct advisory body for the equity agenda.
  - Engage CBOs in community outreach and problem solving.
  - Build local government technical capacity serving historically underserved communities

# Metro Equity Platform Framework

## III. Focus and Deliver

The Long Range Transportation Plan is unifying activity with 2 major crosscutting Equity arenas:

- Where Metro Leads
  - Transportation planner, operator, builder and funder;
  - Performance-based investment decisions that:
    - a) advance outcomes to promote and sustain opportunities;
    - b) avoid outcomes that aggravate disparities in opportunity;
  - Operating/maintaining the system impacts opportunity as much as infrastructure investments.

# Metro Equity Platform Framework

## III. Focus and Deliver (cont.)

- Where Metro Partners
  - Beyond Metro's core transportation responsibilities—Land Use
  - Gentrification/displacement/affordable housing
    - An urgent issue in every corner of the county
    - Metro cannot address alone—Partners are essential: local government, business, community advocates, foundations

# Metro Equity Platform Framework

## IV. Train and Grow

A new equity agenda requires “top-to-bottom” ownership throughout the agency.

- Training in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis;
  - Approaches to effectively communicate and work with communities with priority and respect for equity issues.



# Metro Equity Platform Framework

## Next Steps

- The Equity Platform is a framework.
- It intends to shape specific analyses and actions going forward.
- Experience may redirect and improve the platform.
- The PAC is an essential touchstone for input and checkpoint for progress.
- Presentations to the Metro Board are key.



Thank you



Metro®



**Board Report**

**File #:** 2018-0580, **File Type:** Plan

**Agenda Number:** 39.

**EXECUTIVE MANAGEMENT COMMITTEE  
JANUARY 17, 2019**

**SUBJECT: EQUITY PLATFORM FY19 ACTIVATION PLAN**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

RECEIVE AND FILE Equity Platform FY19 Activation Plan.

**ISSUE**

This report outlines the set of activities that Metro is pursuing to implement the Metro Equity Platform Framework adopted by the Board in March 2018.

**DISCUSSION**

The Equity Platform (“Platform”) stands on four pillars - Define and Measure, Listen and Learn, Focus and Deliver, and Train and Grow (Attachment A). Because the Platform is designed to inform, shape and guide all lines of the agency’s business, on a continuing basis, this “activation plan” highlights a broad portfolio with some elements that are and will be on-going; current or planned projects that have a discrete beginning and end; and new initiatives still in the conceptual stage. This mix underscores the reach and depth of the Platform’s intent - and likewise illustrates the distance the agency still has to go to fully realize the Platform’s potential and impact for change. Incorporated into the agency’s recently adopted Vision 2028 Strategic Plan, the Platform will never be a singular task that is finished; instead it is an agency commitment to incorporate Equity principles into, and pursue equitable outcomes emerging from, everything we do.

It is important to reiterate the basis of the Equity Platform, and what outcomes are intended to be achieved. While we acknowledge many different definitions of “equity” exist, the Platform is explicit in its focus on the vast disparities in access to opportunity -- jobs, housing, health care, and education to name a few -- among many people and communities within Los Angeles County. Race and income have and continue to be strong indicators of where these gaps exist. The Equity Platform is intended to help identify and implement projects or programs that close or eliminate those gaps. Equity defined here is not a calculated geographic distribution -- it is a set of outcomes driven by access needs, though such needs may be located in many places. Equity will not be the sole criterion for investments, but it is a critical one that must be addressed front and center in our



complex decisions.

Our objectives and progress over the next year under each of the Equity Platform's four pillars are outlined below:

A. Define and Measure

This pillar embraces the key task of defining "equity" in the transportation realm - and where transportation intersects with other disciplines. This must be matched with performance metrics that allow us to determine whether equity, as defined, is being meaningfully achieved as part of Metro's actions. It is essential that equity definitions and metrics be done in a collaborative environment, to include those voices which may not have been previously sought at the forefront of Metro-driven decisions. Efforts include:

1. Work with the Policy Advisory Council (PAC) to define "opportunity gaps" - measurable evidence where inequities exist - and related performance metrics to measure how those gaps can be minimized or closed. This activity is being done as part of the Long Range Transportation Plan that the Board will use to prioritize investments over a 40-year period.
2. Construct and apply equity-driven performance metrics in key Metro initiatives
  - Develop overall guide to consistently identify equity concerns, and solutions, as a component for internal evaluations. This should ideally emerge from the Long Range Transportation Plan definition and performance metric efforts above.
  - In the meantime, include appropriate metrics in both the evaluation and recommendations of major initiatives.
    - For example, the NextGen bus reassessment has established an advisory group that includes representatives from ridership and community advocates; and on-going adjustments are being made to the NextGen analysis to ensure equity considerations are addressed.
  - All Planning Board Reports will include an "equity assessment" section.

B. Listen and Learn

This pillar establishes the crucial connection between Metro and the larger Los Angeles County community in carrying out the principles of the Platform. The following elements have been initiated or are in progress:

1. Establish new partnerships with Community Based Organizations (CBOs).
  - Blue Line, First/Last Mile Plan lessons learned: The Board was briefed in May 2018 on the transformative approach pursued under this study, including the active contributions of CBOs in report development, and the inclusion of CBOs as contracted participants in implementing the project.
  - Responding to lessons learned, the Communications Department is preparing a new policy to guide enhanced partnerships with CBOs on several levels, including a clear process for contracting opportunities within Metro's larger public engagement efforts.
  - As an outgrowth of our engagement work with the Blue Line Metro staff are working with community members to listen to and address neighborhood and rider concerns regarding Metro safety and security.

- On other fronts, the agency is involved with collaborative policy and program efforts, such as serving as a Transportation Working Group co-chair of the South Los Angeles Promise Zone (Slate Z).
2. The PAC has spearheaded community-driven collaborations on Metro's Transit Oriented Communities (TOC) policy development; PAC representatives sitting on other Metro advisory groups (i.e., the Citizens Advisory Council and the Aging and Disability Network) have introduced the Equity Platform in those forums.
  3. Establish Equity Advisory avenues.
    - Staff is considering two tracks to address this "Listen and Learn" recommendation:
      - Assigning the PAC and its associated networks a technical advisory role in Equity Platform implementation (see Define and Measure discussion as one example);
      - Developing a model to draw Equity thought leaders throughout LA County into a "Blue Ribbon Commission" or similar forum to advise staff on specific topics, particular equity concerns that traverse between transportation and other disciplines: affordable housing/displacement; public health; community safety and security.
    - Actively participate in local and national forums addressing equity challenges, to increase Metro's exposure to best practices and to learn from other experts in the field.

#### C. Focus and Deliver

The third pillar addresses the need to implement actions and programs that carry out Equity Platform objectives and principles. Over the next year, these include, but are not limited to:

- Next Gen: revisit/strengthen equity focus
- Women and Girls Governing Council: council agenda includes specific gender-oriented equity studies (e.g. planned RFP and outreach to understand women's travel needs on Metro's system)
- LRTP - apply equity focus throughout the Long Range Transportation Plan's various phases, including identification of vulnerable populations, equity-specific performance measures (see Define & Measure above) and need-based transportation investment analyses.
- Continuing assistance to Disadvantaged Business Enterprise/Veterans Business Enterprise firms (e.g. recent special forums on contracting opportunities with future public/private partnerships)
- Career Pathway initiatives, including the launch of a Transportation School
- Explore the potential to establish consultant assistance to resource-challenged local jurisdictions in Los Angeles County, to enable them to plan and deliver transportation improvements to the underserved communities they represent.

#### D. Train and Grow

This fourth pillar recognizes that implementing the Equity Platform effectively will require significant commitments within the Metro organization to understand, embrace and maximize equity advancements in the other pillars. Commitments include:

- Pursue senior-/executive-level training program in racial equity.

- Work with philanthropic foundations on possible training/seminars geared to Metro-related focus areas.
- Host workshop on technical best practices for equity measurement and analysis among other public agencies and academic institutions.

In summary, these highlighted initiatives should not be viewed as the only elements that will impact or add to activation of the Equity Platform. The Platform will be carried out through an ongoing portfolio of agency actions.

### **DETERMINATION OF SAFETY IMPACT**

There is no impact on safety standards for Metro.

### **FINANCIAL IMPACT**

Implementing the Equity Platform in many cases involves shaping and adjusting the direction of current projects within existing budgets. In any case where a proposed equity-based initiative requires stand-alone revenues, a separate budget action would need to be taken.

#### Impact to Budget

There is no impact to the existing FY19 budget as a result of this Receive and File report.

### **NEXT STEPS**

Staff will report on milestones achieved on individual Equity Platform actions on an ongoing basis, as appropriate.

### **ATTACHMENT**

Attachment A - Equity Platform Summary and Objectives

Prepared by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077

Reviewed by: Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer



# Metro Equity Platform Framework

## Summary and Objectives

# Metro Equity Platform Framework

Access to opportunity: a core concept to public decision-making, public investment, and public service

- Vast disparity exists in LA County among neighborhoods and individuals:
  - To seize opportunity – jobs, housing, education, health, safety;
  - To improve their circumstances to do so.
- Transportation is an essential lever to enable that access.

# Metro Equity Platform Framework

## Why an Equity Platform now?

- As a transportation leader, Metro can and should address disparities.
- Metro has already signaled a change:
  - Measure M: performance metric considerations
  - New Long Range Transportation Plan committed early to Equity
  - Recent, targeted community collaborations (First/Last Mile, Rail to Rail grant effort)
- Exploratory outreach to LA County equity thought leaders



# Metro Equity Platform Framework

Multi-point Equity Platform is built on four pillars:

**I. Define and Measure**

**II. Listen and Learn**

**III. Focus and Deliver**

**IV. Train and Grow**



# Metro Equity Platform Framework

## I. Define and Measure

Need a common basis to build an equity agenda.

- “Equity” holds different perspectives and priorities for many.
- Inequity → fundamental differences in access to opportunity
- Race and Class—historically and currently—predominate disparities in LA County
  - Concentrated in poor, minority communities
  - Age, gender, disability, and residency also can expand or constrain opportunities



# Metro Equity Platform Framework

## I. Define and Measure (cont.)

- Pursue an inclusive conversation that commits to:
  - Establish meaningful goals around a shared definition of equity – and actions to achieve those goals;
  - Define metrics to evaluate outcomes, including investment decisions;
  - Ensure consideration at the front end, not the back end;
  - Seek out and involve the diverse range of voices that must collaborate on above.

# Metro Equity Platform Framework

## II. Listen and Learn

Establish comprehensive, multiple forums to engage the community meaningfully and actively in defining, measuring and acting on equitable outcomes.

- Open the conversation with LA's community members to address:
  - where achieving equity has been problematic — broadly, and specific to transportation;
  - where improved relationships, partnerships and actions can advance more equitable transportation outcomes going forward.

# Metro Equity Platform Framework

## II. Listen and Learn (cont.)

- Recognizing past experience provides foundation for a different future.
- Community-driven conversation is essential.
  - Seek best practices.
  - Establish distinct advisory body for the equity agenda.
  - Engage CBOs in community outreach and problem solving.
  - Build local government technical capacity serving historically underserved communities

# Metro Equity Platform Framework

## III. Focus and Deliver

The Long Range Transportation Plan is unifying activity with 2 major crosscutting Equity arenas:

- Where Metro Leads
  - Transportation planner, operator, builder and funder;
  - Performance-based investment decisions that:
    - a) advance outcomes to promote and sustain opportunities;
    - b) avoid outcomes that aggravate disparities in opportunity;
  - Operating/maintaining the system impacts opportunity as much as infrastructure investments.

# Metro Equity Platform Framework

## III. Focus and Deliver (cont.)

- Where Metro Partners
  - Beyond Metro's core transportation responsibilities—Housing, Public Health, Economic Development
  - Example: Gentrification/displacement/affordable housing
    - An urgent issue in every corner of the county
    - Metro cannot address alone—Partners are essential: local government, business, community advocates, foundations

# Metro Equity Platform Framework

## IV. Train and Grow

A new equity agenda requires “top-to-bottom” ownership throughout the agency.

- Training in two important areas:
  - Methods to evaluate equity including data collection, measurement and analysis;
  - Approaches to effectively communicate and work with communities with priority and respect for equity issues.

# Metro Equity Platform Framework

## Next Steps

- The Equity Platform is a framework.
- It intends to shape specific analyses and actions going forward.
- Experience may redirect and improve the platform.
- The Policy Advisory Council (PAC) is an essential touchstone for input and checkpoint for progress.
- Presentations to the Metro Board are key.





Thank you



Metro®

Los Angeles County Metropolitan Transportation Authority



# Metro Equity Platform Framework

Fiscal Year 2019 Activation Plan



# Metro Equity Platform Framework

Access to opportunity: a core concept to public decision-making, public investment, and public service

- Vast disparity exists in LA County among neighborhoods and individuals:
  - To seize opportunity – jobs, housing, education, health, safety;
  - To improve their circumstances to do so.
- Transportation is an essential lever to enable that access.

# Metro Equity Platform Framework

## Why an Equity Platform now?

- As a transportation leader, Metro can and should address disparities.
- Metro has already signaled a change:
  - Measure M: performance metric considerations
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  - Recent, targeted community collaborations (First/Last Mile, Rail to Rail grant effort)
- Exploratory outreach to LA County equity thought leaders

# Metro Equity Platform Framework

The Platform is not any single task that will be “finished”. Instead, the Platform is:

- A vehicle to inform, shape and guide all lines of the agency’s business on a continuing basis
- A commitment to incorporate Equity principles and pursue equitable outcomes
- A paradigm that will help identify and implement projects or programs that close or eliminate disparities in access to opportunity
- A set of outcomes driven by access needs and not merely a calculated geographic distribution

# Metro Equity Platform Framework

Multi-point Equity Platform is built on four pillars:

- I. Define and Measure
- II. Listen and Learn
- III. Focus and Deliver
- IV. Train and Grow

# Metro Equity Platform Framework

## I. Define and Measure

Defining “equity” and matching with performance metrics. Efforts include:

- Work with the Policy Advisory Council to define “opportunity gaps” and related performance metrics as part of the Long Range Transportation Plan (LRTP)
- Construct and apply equity-driven performance metrics in key Metro initiatives:
  - LRTP process to develop guide for identifying equity concerns and solutions
  - NextGen Bus Study
  - Equity Assessment section in all Planning Board Reports

# Metro Equity Platform Framework

## II. Listen and Learn

Establishing a connection between Metro and the Los Angeles County community. Efforts include:

- New partnerships with Community Based Organizations (CBOs):
  - Blue Line, First/Last Mile Plan lessons learned
  - Communications Dept policy on CBO partnerships
  - Staff have engaged community members on safety and security concerns raised by riders
  - Agency is serving as Transportation Working Group co-chair of the South Los Angeles Promise Zone (Slate Z)
- Community-driven collaborations led by the Policy Advisory Council



**Metro**



# Metro Equity Platform Framework

## II. Listen and Learn (cont.)

- Evaluating and establishing Equity Advisory avenues
  - Assigning the Policy Advisory Council and its associated networks a technical advisory role
  - Developing a “Blue Ribbon Commission” or similar forum to draw Equity thought leaders from LA County to advise on specific topics (housing/displacement, public health, community safety and security)
  - Actively participating in local and national forums to address equity challenges and increase exposure to best practices

# Metro Equity Platform Framework

## IV. Train and Grow

Top-to-bottom commitment from within Metro to understand, embrace and maximize equity advancement. Efforts include:

- Senior- and executive-level training program in racial equity
- Trainings and seminars geared to Metro-related focus areas in collaboration with philanthropic foundations
- Workshop on technical best practices for equity measurement and analysis

# Metro Equity Platform Framework

## III. Focus and Deliver

Implementing actions and programs that carry out the Platform. Efforts include:

- NextGen Bus Study
- Women and Girls Governing Council
- LRTP
- Assistance to Disadvantaged Business Enterprise/Veterans Business Enterprise firms
- Career Pathway initiatives, including Transportation School
- Potential consultant assistance to resource-challenged local jurisdictions in Los Angeles County

# Metro Equity Platform Framework

## Next Steps

- Staff will report on milestones achieved on individual Equity Platform actions on an ongoing basis



Thank you



# Rapid Equity Assessment

**The Challenge Ahead:** The COVID-19 Pandemic has highlighted racial and socioeconomic disparities in our health care, economic, and transportation systems. While anyone can contract the virus, it has disproportionately impacted and threatened the lives of black, Latinx, and low-income communities. Due to systemic inequities, these communities are more likely to have underlying health conditions, have poorer access to health care, be essential workers who cannot work from home, have limited access to digital tools for continuing education and telecommuting, and rely on public transit for essential trips. **Metro’s response to the COVID-19 crisis presents an opportunity to help prevent the same disparate results and further widening of the gaps shaped by existing racial and economic disparities.**

**Equity in a Time of Crisis:** By rooting our decision making in equity, we can ensure that historically marginalized communities, and other groups that have been disproportionately impacted by COVID-19, are not left behind as we respond to this public health crisis and as we recover. We must understand the potential impact of our decisions for those faring the worse in order to truly improve conditions for all of our customers, front-line Metro family, and the broader Los Angeles County community.

**Using the Assessment:** This Rapid Equity Assessment tool was developed to assist Metro staff in identifying and prioritizing equity opportunities. All questions should be answered to the best extent possible before a decision is made. If you answer no to questions one or two, or cannot identify burdens under question three, please contact your Department’s Equity Liaison immediately for assistance. The Assessment should be completed by a diverse group within the project team, including staff with a variety of experiences, knowledge, backgrounds, and skillsets. The completed form should be emailed to the *Office of Equity and Race*, copying your Department’s Equity Liaison, for review and potential follow-up. A summary of your assessment should be included in any report, including a board report, board box, or other document explaining the decision or recommendation. Email your Department’s Equity Liaison for assistance in using the tool.

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**Proposed Action:** Click or tap here to enter text.

**Team Members:** Click or tap here to enter text.

**1. Will the decision being made impact any of the following groups? (If no, skip to number 2.)**

- |  |   |
|--|---|
| <input type="checkbox"/> Historically marginalized communities (Communities of Color, Limited English Proficiency, Avg. incomes < \$35K) | <input type="checkbox"/> Older adults (Over 62 years old)   |
| <input type="checkbox"/> Equity Focused Communities (See the map on page 2)  | <input type="checkbox"/> People with disabilities   |
|  | <input type="checkbox"/> Individuals with chronic medical conditions                                |
|  | <input type="checkbox"/> Disadvantaged Business Enterprise or Disabled Veterans Business Enterprise |

**2. Could this present an equity opportunity? (Yes or No)**

*An “Equity Opportunity” is a decision that is designed to enhance positive impacts or reduce negative impacts for historically marginalized communities or others most likely to be impacted by COVID-19.*



# Rapid Equity Assessment

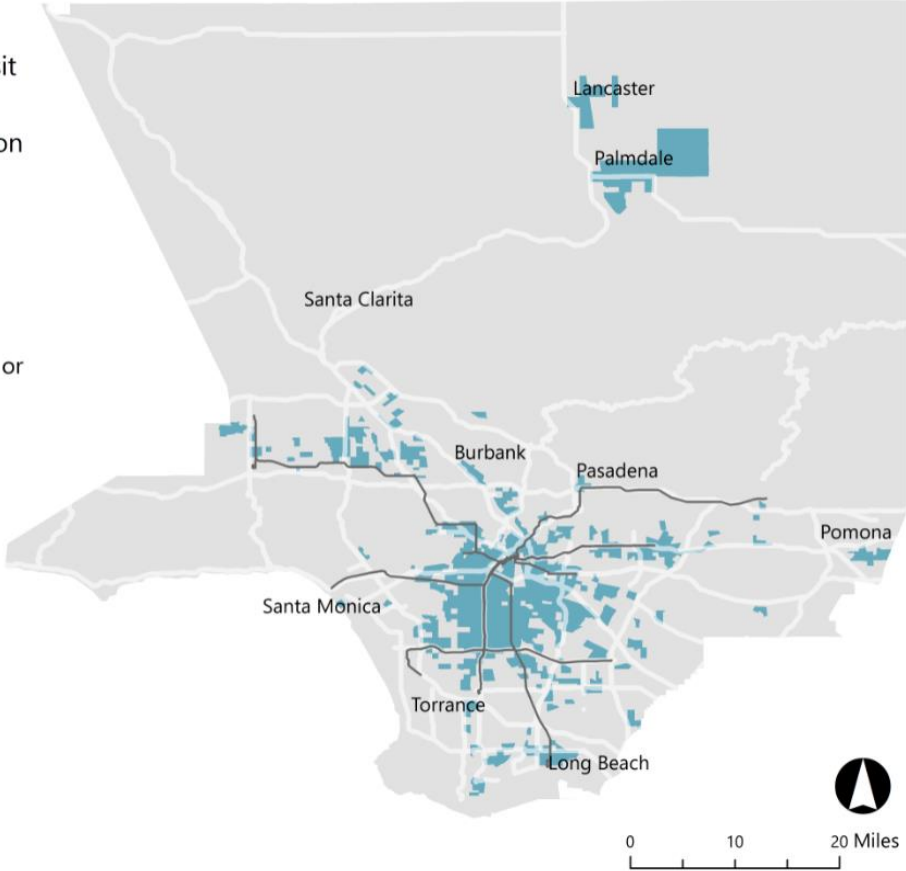
## Equity Focused Communities Map

- Highways
- Fixed guideway transit
- EFC Communities  
30% of LAC Population

Census Tract Thresholds

- > 40% Low Income
- > 80% Non-white
- > 10% Zero Car

\*Thresholds are based on:  
1) Non-white AND Low Income, or  
2) Low Income AND Zero Car







# **Equity and Race Program Update**

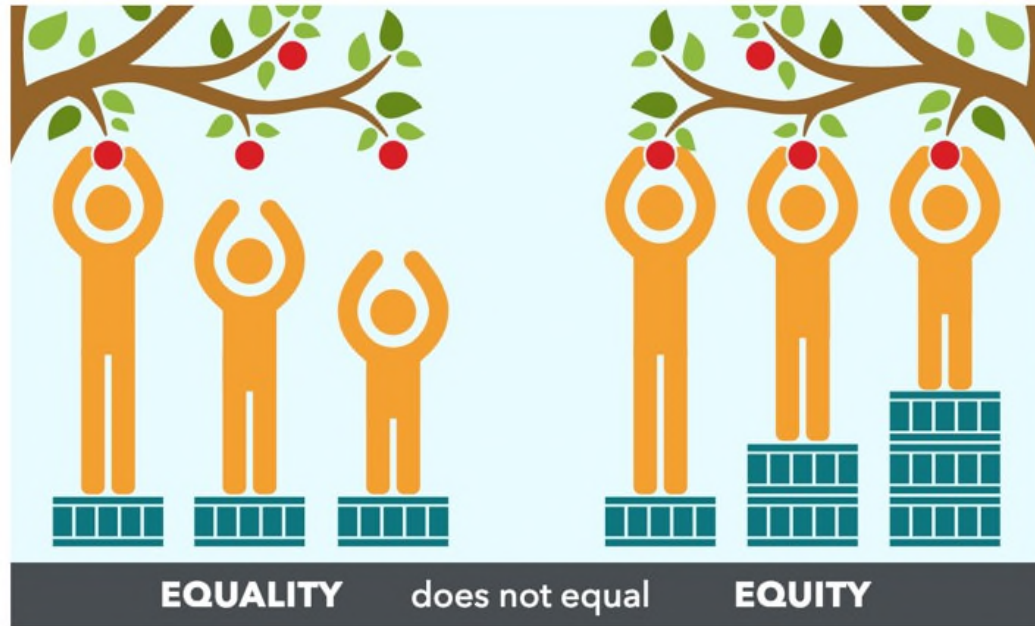
## Executive Management Committee



# METRO EQUITY PLATFORM FRAMEWORK

- Board Approved as of March 2018
- Core Objective:
  - Increase access to opportunity
- Four Pillars
  - Define and Measure
  - Listen and Learn
  - Focus and Deliver
  - Train and Grow

# WHY EQUITY?



# WHY EQUITY?



Source: Matt Kinshella from Meyer Memorial Trust and Northwest Health Foundation Competition

# WHAT IS EQUITY?

Equity is both an outcome and a process to address disparities to ensure fair and just access to opportunities.

# ADVANCING EQUITY

## ❖ Create Equitable Processes

- ❖ Best Practices
- ❖ Equity Tools
- ❖ Community Engagement

## ❖ Build Capacity

- ❖ Office of Equity and Race
- ❖ Equity Liaisons

# WHAT'S NEXT

- ❖ Equity Section in Board Reports
- ❖ Agencywide Assessment and Strategic Plan
- ❖ JEDI Book Club
- ❖ Equity Training for Staff

**Board Report**

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**File #:** 2020-0540, **File Type:** Motion / Motion Response**Agenda Number:** 41.

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**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020****SUBJECT: RESPONSE TO BOARD MOTION REGARDING CEO CALL TO ACTION TO  
CONTROL COSTS****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE the response to Board Motion Item 34.2 (Attachment A) at the May 28, 2020 Board Meeting (Directors Hahn, Garcetti, Butts, Solis) related to Cost Control Pertaining to COVID-19 Board Box.

**ISSUE**

On May 26, 2020 the Chief Executive Officer issued a Board Box report outlining his “CEO’s Call to Action to Control Costs” in response to financial shortfalls besetting the agency as a result of the COVID-19 pandemic (Attachment B). In this plan, all projects and programs were grouped into two buckets. Bucket 1 was defined as “Work to Continue” where existing funds would be prioritized for COVID-19 high priority tasks such as PPE and cleaning, bus and rail operations and maintenance, major infrastructure projects and projects under executed contracts, legally required payments as contractually obligated, ad federal and state regulatory required activities.

All other projects and programs not listed under Bucket 1 were considered to be part of Bucket 2, where they would be evaluated to be deferred three to six months with the objective of staying on the original Measure M schedule.

At the May 28, 2020 Board Meeting there was discussion involving ways to avoid a hard stop for the four Pillar Projects and ways that all projects could be advanced to bring them to shovel-ready status in accordance with Measure M schedules. The following motion was passed:

- A) Advance Bucket 2 projects towards shovel-ready, consistent with the Measure M expenditure plan, and within the parameters of the FY21 Budget Continuing Resolution;
- B) Report to the Executive Management Committee in August 2020 with an update on Metro’s project acceleration program, including how Metro will ensure projects will be able to compete for any federal infrastructure funding; and



- C) Projects listed in Bucket 2 shall be included in the proposed FY21 Budget to be presented to the Board in September. Any request for further deferral or recommendations on the acceleration of Bucket 2 projects will require justification as part of the Budget.

## **DISCUSSION**

### Status of Advancing Pillar Projects and Other Major Capital Projects to Shovel Readiness in accordance with Measure M schedules

The Bucket 2 list identified in the CEO's Call to Action includes all projects in the planning/pre-construction environmental phase including, among others, the following major capital rail projects:

- Pillar Projects  
West Santa Ana Branch  
Green Line to Torrance  
Eastside Extension  
Sepulveda Transit Corridor
  
- Other Rail  
East San Fernando Valley LRT  
Crenshaw Northern Extension  
Centinela Grade Separation
  
- Other Projects  
Vermont Transit Corridor  
No-Ho to Pasadena BRT  
North San Fernando Valley BRT  
I-5 North Capacity Enhancements  
LA River Path Central Gap  
Orange Line BRT Improvements  
Silver Line Electrification

In accordance with the Board Motion, staff have been working with the Office of Management and Budget on the allocation of reduced funding resources available to the Bucket 2 list of projects after the requirements for funding of the Bucket 1 list of essential projects have been met.

The FY21 Budget that is being prepared for presentation to the Board at its September meeting will include allocations for all of the Bucket 2 projects with a commitment to maintain work without hard stops by reprioritizing and proceeding with the most critical tasks during the initial 3-6 month period of anticipated maximum funding shortfalls in FY21, while allowing for acceleration of efforts following this period to minimize impacts to the overall project delivery and Measure M schedules. Funding reductions have had a short term impact of 3-6 months on project schedules, however, as stated above - prioritization of activities with available funding provided for Bucket 2 projects are being

directed toward completion of scheduled environmental clearances and overall revenue service goals.

Current schedules for the Pillar Projects as well as the East San Fernando Valley LRT Project will deliver environmental clearance in the period between FY21 and FY24 (Attachment C). This would provide the level of shovel readiness necessary to compete for state and federal stimulus and other funding sources. The FY21 Budget will keep these projects on this shovel-readiness schedule, subject to anticipated improvements in local revenue generation as we move out of the COVID period of financial constraint.

Anticipated key actions in the 3 to 6 month period of reduced FY21 budget spending regarding the above projects include:

- August 2020  
Sepulveda Transit Corridor Environmental Contract Award  
Sepulveda Transit Corridor Receipt of PDA proposals  
Crenshaw Northern Extension Environmental Contract Award
- September 2020  
Long Range Transportation Plan adoption  
Arts District/6<sup>th</sup> Street Station Environmental Task Order
- October 2020  
East San Fernando Valley LRT Final EIS/EIR Certification (*pending FTA approval*)

#### Update on Project Delivery Acceleration and Opportunities for Securing Federal Funds

Project delivery acceleration is contingent on several factors, mainly statutory, regulatory and financial, including anticipated revenue due to impacts of COVID-19 and our agency's overall financial capacity. Relevant to these factors are also project cost, readiness, and evaluation criteria that have an impact on our eligibility and competitiveness for securing funds from federal and state discretionary and formula grant programs. While some of these factors are beyond Metro's control, others depend on our agency's processes, procedures, and timely actions.

In accordance with Board direction we are working on several strategies that may accelerate project delivery and ensure competing for any federal or other infrastructure recovery funding, including: i) state and federal environmental streamlining; ii) public-private partnerships; iii) engagement with the Federal Transit Administration (FTA) and other grantor agencies focused on positioning our projects for funding from existing and proposed competitive grant programs; iv) regulatory and statutory changes through state and federal legislation; v) assessment of projects eligibility and competitiveness for FTA's Capital Investment Grants (CIG) and Expedited Project Delivery (EPD) programs; and vi) identification of funding opportunities and constraints through the analysis of proposed legislation, including supplemental/emergency funding for transportation projects and programs to support economic recovery from the impacts of COVID-19 and multi-year reauthorization of the Fixing America's Surface Transportation (FAST) Act. The following sections summarize our efforts on several of these key strategies.

### State and Federal Environmental Streamlining

The State Legislature is currently considering two bills that would modify the California Environmental Quality Act (CEQA) and could help our projects. SB 757 (Allen) would establish a limited timeframe in which a CEQA lawsuit relating to transit projects would need to be resolved by the courts. This bill is sponsored by Metro and as of the writing of this report is still being negotiated with the committee. The bill would apply to only large projects such as Metro's Pillar Projects and would result in significant savings in legal costs. SB 288 (Weiner) would exempt larger active transportation projects, bus rapid transit projects, limited transit improvements and certain high occupancy toll projects from CEQA. This bill would result in significant time and cost savings to many of Metro's projects which are currently required to complete a full Environmental Impact Report.

### Identification of Funding Opportunities and Constraints

As directed by our Chief Executive Officer and consistent with our Board-approved federal and state legislative agendas, our agency has been aggressively engaged in identifying additional sources of funding for our projects. Working closely with the Los Angeles County Congressional Delegation, Metro was able to ensure that the CARES Act delivered much-needed and substantial funding to assist our agency during the COVID-19 pandemic. Likewise, we have and are continuing to work closely with both the House and Senate to ensure that an expected new COVID-19 relief package delivers adequate funds to our agency -- over and above the amount of funding provided to our agency through the CARES Act.

As noted in the Board Motion 34.2, "Congress may consider an ambitious infrastructure package to stimulate and uplift the economy and help address the unprecedented unemployment level". Consistent with this reference to an "ambitious infrastructure package", Metro has been at the forefront nationally in advocating for a major infrastructure package and actively worked with the Chairman of the House Committee on Transportation and Infrastructure to ensure that policies favorable to our agency were embedded in H.R. 2 - the INVEST in America Act. A few highlights in the INVEST in America Act that reflect Metro's Rebuilding America Initiative include the return of the Projects of National and Regional Significance (PNRS) grant program - authorized at \$9 billion for goods movement and transit projects, the return of the successful Local Hire Pilot Program, reforms to Buy America that will incentivize domestic manufacturing of buses and railcars, streamlining reforms and a doubling of funding for the CIG Program (which funds New Starts projects, among other types of projects), a five-fold increase in investments for zero-emission bus programs, positive provisions regarding workforce development programs, and many other policy reforms and provisions that will benefit our agency. Should the INVEST in America Act be adopted into law, it would increase the flow of federal funds to our agency - both formula and discretionary funds - by hundreds of millions of dollars annually.

While the prospect of Congress adopting the INVEST in America Act is far from certain, Metro has -- in a parallel effort -- successfully worked with both House and Senate appropriators to ensure that the FY21 transportation spending bill includes roughly \$300 million for our New Starts Purple Line Westside Extension projects.

The State Legislature is also considering various economic stimulus proposals. These proposals largely rely on borrowing of future funds and therefore create no new revenues. These proposals are not expected to advance during the last month of the 2020 Legislative Session but may receive further consideration if the Legislature convenes in a Special Session later this year.

Staff is also developing an agency-wide survey of projects, with input from all Metro departments, to assess funding opportunities and constraints from the proposed federal and state legislation should they become law. Staff is targeting a presentation to the Board in September on the results of this survey along with a detailed update on the prospective federal funding opportunities.

### Regulatory and Statutory Changes

Staff is actively working with national transit partners including the Capital Investment Grants Working Group, which comprises existing and potential CIG/EPD project sponsors and representatives of major consulting firms from the private sector, to support regulatory and statutory changes to better position Metro projects for federal funding. This includes the development of a “*Surface Transportation Reauthorization Paper*” that was submitted to Congress for consideration. This document supports the reauthorization of the CIG/EPD programs in the next surface transportation authorization bill and advocates for legislative and regulatory changes that benefit Metro’s strategy for securing CIG/EPD funds for Metro’s Pillar Projects and other potential projects (such as bus rapid transit), including streamlining the project application and selection process, increasing the funding authorized and appropriated for the programs, and increasing the CIG/EPD and overall federal funding share.

### CIG/EPD Project Eligibility and Competitiveness Assessment

Staff is currently assessing the eligibility and competitiveness of the Pillar Projects and other Metro projects for grants from the CIG and/or EPD programs by following the FTA’s justification criteria, estimating each project’s rating, and evaluating how well each project may compete with other projects that have already been submitted to the FTA requesting for funding. This assessment takes into consideration project readiness and local financial commitment for each project, as well as our agency’s assumed financial capacity. As part of this assessment staff is synthesizing the status of projects and timelines for completing the planning process, including selection of the locally preferred alternative and completion of the environmental process, to develop a timeline and strategy for the Board to authorize staff to engage FTA and start the CIG/EPD grant application process for the project(s) it approves. This strategy is targeted for presentation to the Board in September.

### NEXT STEPS

Staff will continue to refine the scopes of service for technical and outreach services in accordance with the FY21 Budget, as it is approved by the Board at its September 2020 meeting. Work shall be prioritized in accordance with Measure M schedules for environmental clearance and shovel readiness and staff will report back to the Board on its ongoing efforts to advanced shovel-ready projects into construction. We will continue to pursue additional funding to support timely delivery of these projects in accordance with the Measure M schedules and timelines. We will also present the outcome of our CIG/EPD Project Eligibility and Competitiveness Assessment to the Board at its

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September 2020 meeting and seek approval of the funding strategy and authorization to engage the FTA to secure CIG/EPD grants and other federal and state funds.

**ATTACHMENTS**

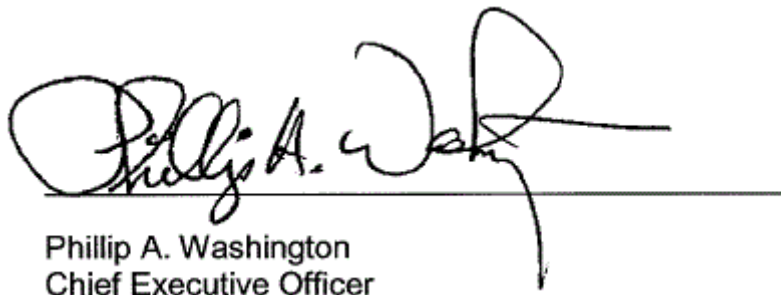
Attachment A - Metro Board Motion Item 34.2 (Legistar File 2020-0391)

Attachment B - Metro Board Box; CEO's Call to Action to Control Costs

Attachment C - Pillar Projects and ESFV Schedules

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Phillip A. Washington  
Chief Executive Officer

**Board Report**

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**File #:** 2020-0391, **File Type:** Motion / Motion Response**Agenda Number:** 34.2.

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**REGULAR BOARD MEETING  
MAY 28, 2020****Amending Motion by:****DIRECTORS HAHN, GARCETTI, BUTTS, SOLIS, and GARCIA**

Related to Item 34.1: Cost Control Pertaining to COVID-19 Board Box

The unprecedented COVID-19 outbreak required the implementation of the Los Angeles County Safer at Home Health Officer Order to help slow down the spread of the virus and protect the most vulnerable members of our community. As a result, all non-essential businesses and activities, including travel, were temporarily closed and/or discouraged for the last two months. Los Angeles County is now in Phase 2 of its five-stage COVID-19 Roadmap to Recovery Plan. Without a vaccine or proven treatment options, the recovery process will be gradual and will continue to have impacts on Metro's traditional sources of revenue such as local and state sales taxes and system generated revenues.

In an effort to help Metro financially manage through COVID-19, the Chief Executive Officer issued a Board Box report outlining his "CEO's Call to Action Plan." In this plan, all projects and programs are grouped into two buckets. Bucket 1 is defined as "Work to Continue" where existing funds would be prioritized for COVID-19 high priority tasks such as PPE and cleaning, bus and rail operations and maintenance, major infrastructure projects and projects under executed contracts, legally required payments as contractually obligated, and federal and state regulatory required activities.

All other projects and programs not listed under Bucket 1 are considered to be part of Bucket 2, where they will be evaluated to be deferred three to six months with the objective of staying on the original Measure M schedule.

While the Board recognizes the need to control costs, the division of projects could better recognize previously Board-approved and prioritized goals. For example, in 2017 the Board approved the Twenty-Eight by '28 Initiative to highlight projects for completion by the 2028 Olympic and Paralympic Games. Additionally, in 2019 the Board approved prioritizing four Pillar Projects for acceleration: the Gold Line Eastside Extension Phase 2, the Green Line Extension to Torrance, the Sepulveda Transit Corridor, and the West Santa Ana Branch. The four Pillar Projects are all in different stages of the required environmental processes and are currently placed in Bucket 2 of the CEO's proposed plan.

In the case of the four Pillar Projects, placement in Bucket 2 does not mean a hard stop. In fact, at

the Executive Management Committee the CEO recognized that halting work on these projects would do more harm than good to the projects' planning and Public-Private Partnership processes. Additionally, staff have indicated that the four Pillar Projects have enough funding to prevent any significant delays over the next three to six months. However, Bucket 2 as defined pre-concludes that the Board is no longer interested in pursuing the acceleration of projects.

Additionally, there are several Measure M projects that are nearly shovel-ready. Any significant delay or deferral of bringing these projects to shovel-ready status could prevent Metro from being able to maintain Measure M timelines. As much as is possible, Metro must continue to bring Measure M projects to shovel-ready status. It is important to reassure the public and project stakeholders that the Board still supports projects in Bucket 2, and that any decisions on deferral may be discussed and decided by the Board at a later date.

Furthermore, to address nationwide economic impacts, Congress may consider an ambitious infrastructure package to stimulate and uplift the economy and help address the unprecedented unemployment level. Metro must position itself to take advantage of any federal infrastructure stimulus, or else funds will go to other, better-prepared regions. As such, it is prudent to continue planning and Public-Private Partnership activities to make projects shovel-ready. Should such an opportunity arise, additional funding could be leveraged to advance these long-awaited public transit infrastructure investments through an FTA expedited project delivery process.

The Measure M ordinance contains strict conditions that prevent projects from being leapfrogged or defunded. While Metro continues advancing projects towards shovel-ready status, the promises made to voters must be honored, and Measure M project timelines and sequence must be maintained as much as is possible.

**SUBJECT: COST CONTROL PERTAINING TO COVID-19 BOARD BOX**

**RECOMMENDATION**

APPROVE the CEO's Call to Action, with the following provisions:

- A. Advance Bucket 2 projects towards shovel-ready, consistent with the Measure M expenditure plan, and within the parameters of the FY 21 Budget Continuing Resolution;
- B. Report to the Executive Management Committee in August 2020 with an update on Metro's project acceleration program, including how Metro will ensure projects will be able to compete for any federal infrastructure recovery funding; and
- C. Projects listed in Bucket 2 shall be included in the proposed FY 21 Budget to be presented to the Board in September. Any request for further deferral or recommendations on the acceleration of Bucket 2 projects will require justification as part of the Budget.

**Metro**Los Angeles County  
Metropolitan Transportation AuthorityOne Gateway Plaza  
Los Angeles, CA 90012-2952213.922.2000 Tel  
metro.net**May 26, 2020**

**TO: BOARD OF DIRECTORS**

**FROM: PHILLIP A. WASHINGTON** *PAW*  
**CHIEF EXECUTIVE OFFICER**

**SUBJECT: CEO'S CALL TO ACTION TO CONTROL COSTS**

**ISSUE**

This memo outlines the CEO's Call to Action to immediately reduce costs as one of the mitigation strategies to help the agency financially manage through COVID-19. This is intended to be informational and will not require a Board Action, however, staff will consider any feedback as provided thereafter.

**BACKGROUND**

With the implementation of the "Safer at Home" order in March, nonessential businesses closed, and all residents were directed to leave their homes only for essential activities. Consumer spending has plummeted. The revenues received from local and state derived sales tax measures, majority of Metro's resources, are estimated to decline by a total of \$1.060 billion over FY20 adopted budget and FY21 pre-COVID levels.

Transit ridership, fare revenues, tolls, advertising and other system generated revenues have dropped dramatically while Metro has incurred increased costs in response to the coronavirus. Combined with sales tax, this results in an estimated \$1.8 billion total loss affecting each one of Metro's programs.

While the CARES Act will provide relief funding it is not enough to offset the total losses. The timing of the reimbursement is also uncertain and in the coming months, presents a risk to cashflow.

**DISCUSSION**

More than ever, Metro is enforcing strong fiscal discipline in order to maintain financial stability through the COVID-19 crisis and specifically to ensure we retain enough cash



to keep operating, hence the saying, “cash is king.” As a result, I have ordered a Call to Action to conserve resources and to immediately reduce expenses.

All projects and programs are grouped into two buckets. Bucket 1 is defined as “work to continue” and includes the following types of items:

- COVID-19 high priority tasks such as PPE and cleaning
- Operating and maintaining bus and rail service per Transit Operations Plan
- Major infrastructure projects and projects under executed contracts
- Legally required payments as contractually obligated
- Federal and State regulatory required activities

Bucket 2 is defined as all other projects and programs not listed under Bucket 1 and are being evaluated to be deferred three to six months with the objective of staying on the original Measure M schedule. This bucket includes projects that may have partial grant funding, projects in various phases of Planning, Construction and Operating, Measure M, Non-Measure M and Pillar projects. Attachment A provides a selective list of such projects for reference.

This project list is ever-changing and does not imply a permanent deferral of projects. Metro will be regularly assessing projects that have been temporarily deferred and continue to move projects expeditiously as the opportunities arise and as state or federal stimulus funds become available. There are many variables at play as we monitor the circumstances surrounding the revenue losses and the timing of reimbursement from the CARES Act. Over the next few months, staff will also be developing the FY21 Budget which will incorporate a thorough review and twelve-month outlook across all projects.

The projects that are proceeding also need to identify potential cost reductions to reduce cash needs and free up funds for other important needs at Metro. Consultants are an important part of our projects and a significant element of project costs.

Therefore, Metro has requested the following contributions from our consultants:

- A freeze on pay raises;
- An evaluation by Metro as to whether consultant staffing levels can be reduced;
- A voluntary reduction of 2% in the fee (profit)

Metro will be flexible in its approach and will only apply these measures temporarily until the financial outlook improves. We recognize that this is an extraordinary request, however, these are extraordinary times and we are looking at all opportunities.

In addition to these measures, I have also instructed a freeze on all hiring of Metro employees at this time. Any changes will be managed on an individual basis in order to ensure proper cost savings from a labor perspective.

### **NEXT STEPS**

Staff will be monitoring the agency's expenditures and report to the board regularly between now and September leading up to the FY21 budget proposal.

### **ATTACHMENTS**

Attachment A – Bucket Project List

## Bucket Project List

### Bucket 1: Work to Continue

<i>Health and safety for customers and employees</i>
<ul style="list-style-type: none"> <li>▪ PPE</li> <li>▪ Cleaning services</li> <li>▪ Additional expenses directly related to COVID-19</li> </ul>
<i>Operating and maintaining bus and rail services per Transit Operations Plan</i>
<i>Federal and State regulatory required activities</i>
<i>Legally required payments (contractual obligations)</i>
<ul style="list-style-type: none"> <li>▪ Debt service</li> <li>▪ Subsidies</li> <li>▪ Licenses, utilities, rental, etc.</li> </ul>
<i>Major infrastructure and projects under executed contracts</i>
<ul style="list-style-type: none"> <li>▪ Airport Metro Connector <sup>(1)</sup></li> <li>▪ Crenshaw/LAX <sup>(1)</sup></li> <li>▪ Division 20 Portal Widening and Turnback</li> <li>▪ Gold Line Foothill Extension <sup>(1)</sup></li> <li>▪ I-5 North HOV (along SR-134 to Buena Vista area) <sup>(1)</sup></li> <li>▪ I-5 South HOV (I-605 to Orange County line) <sup>(1)</sup></li> <li>▪ Light Rail Vehicle Acquisition Program</li> <li>▪ Link US (Phase 1 only)</li> <li>▪ Metro Bus Fleet Replacement (incl. electrification for buses and infrastructure for Orange Line)</li> <li>▪ Patsaouras Bus Station</li> <li>▪ Purple Line Extension <sup>(1)</sup></li> <li>▪ Regional Connector <sup>(1)</sup></li> <li>▪ Soundwall Package 11 <sup>(1)</sup></li> <li>▪ SR-138 Corridor project in construction <sup>(1)</sup></li> <li>▪ Willowbrook/Rosa Parks Station Upgrade &amp; Mezzanine</li> </ul>

# Bucket Project List

## Bucket 2: Work Evaluated to Defer with the Objective of Staying on the Original Measure M Schedule (*selective list*)

<i>Metro Transit Expansion</i>
<ul style="list-style-type: none"> <li>▪ Arts District / 6th Street Station</li> <li>▪ Center Street Facility / ESOC</li> <li>▪ Countywide BRT Program (incl NSFV BRT, NoHo to Pasadena BRT) <sup>(1)</sup></li> <li>▪ Crenshaw Northern Extension <sup>(1)</sup></li> <li>▪ East San Fernando Valley LRT <sup>(1)</sup></li> <li>▪ Eastside Extension Phase 2 <sup>(1) (2)</sup></li> <li>▪ Green Line to Torrance <sup>(1) (2)</sup></li> <li>▪ San Gabriel Valley Transit Feasibility Study <sup>(1)</sup></li> <li>▪ Sepulveda Transit Corridor <sup>(1) (2)</sup></li> <li>▪ Vermont South Bay Feasibility Study <sup>(1)</sup></li> <li>▪ West Santa Ana Branch <sup>(1) (2)</sup></li> </ul>
<i>Metro Transit Capital Improvement</i>
<ul style="list-style-type: none"> <li>▪ Bus and Rail Facilities SGR program - stations, vertical transportations, roofs, pavements, etc.</li> <li>▪ Electrification of buses including infrastructure - Silver Line</li> <li>▪ Enterprise Asset Management System</li> <li>▪ Heavy rail vehicle acquisitions</li> <li>▪ Light and heavy railcar modernization and overhaul programs</li> <li>▪ Orange Line grade separation <sup>(1)</sup></li> <li>▪ Rail and Bus Operations Center</li> <li>▪ Rail system improvements, yards, cars</li> <li>▪ Rio Hondo Confluence Station</li> <li>▪ Rolling stock midlife and non-revenue equipment programs</li> <li>▪ Wayside SGR program underway on Red and Green Lines - radio, signals, communications, track, special work, OCS, power and the like</li> </ul>
<i>Regional Transit</i>
<ul style="list-style-type: none"> <li>▪ Antelope Valley Line Enhancements</li> <li>▪ Doran Street ATP</li> <li>▪ LAUS Esplanade / Forecourt</li> <li>▪ McGinley to Roxford Double Track</li> <li>▪ Union Station Master Plan (Phase 2)</li> </ul>
<i>Highway / Street Improvements</i>
<ul style="list-style-type: none"> <li>▪ Adams Flyover</li> <li>▪ Alameda Corridor East grade separation phase 2 <sup>(1)</sup></li> <li>▪ Centinela grade separation</li> <li>▪ Countywide Soundwall Noise Studies <sup>(1)</sup></li> <li>▪ Eastside Light Rail Access <sup>(1)</sup></li> <li>▪ First / Last Mile (PLE and others) <sup>(1)</sup></li> <li>▪ I-105 ExpressLanes <sup>(1)</sup></li> <li>▪ I-210 Barriers</li> </ul>

**Bucket 2: Work Evaluated to Defer with the Objective of Staying on the Original Measure M Schedule *cont. (selective list)***

- I-5 Capacity Enhancements (SR14 to Parker Road) <sup>(1)</sup>
- I-5 Corridor Improvement I-605 to I-710 <sup>(1)</sup>
- I-605 Hotspots (incl SR-91 interchange) <sup>(1)</sup>
- I-710 South Corridor Project <sup>(1)</sup>
- L.A. River (Bike) Path <sup>(1)</sup>
- La Canada Soundwalls
- Rail to Rail ATP
- Rail to River ATP
- Rosecrans/Marquardt Grade Separation <sup>(1)</sup>
- Soundwall Packages 12, 13, and 14 <sup>(1)</sup>
- South Bay Highway Operational Improvements <sup>(1)</sup>
- SR-138 new project initiation documents <sup>(1)</sup>
- SR-57 / SR-60 Interchange Improvements <sup>(1)</sup>
- SR-71 GAP - Mission Blvd to San Bernardino County Line <sup>(1)</sup>

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project

# ESFV + Pillar Projects Measure M Baseline Schedules

	2020	2021	2022	2023	2024	2025	2026	2027	2028	Measure M Opening Dates 3-Year Window
East San Fernando Valley										FY 2027 - 2029
West Santa Ana Branch										FY 2028 - 2030 (Initial Segment Board Selected LPA)
										FY 2041 - 2043 (Second Segment)
Green Line Extension to Torrance										FY 2030 - 2032
Eastside 2 LRT Extension										FY 2035 - 2037
Sepulveda Transit Corridor										FY 2033 - 2035 (Initial Segment)
										FY 2057 - 2059 (Second Segment)

Note: Schedules are subject to change based on funding and environmental review



## Board Report

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File #: 2020-0456, File Type: Informational Report

Agenda Number: 43.

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### EXECUTIVE MANAGEMENT COMMITTEE AUGUST 20, 2020

**SUBJECT: ADVERTISING, COMMERCIAL SPONSORSHIPS, AND OTHER REVENUE OPPORTUNITIES**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE staff update on commercial sponsorship efforts and expanded advertising options for the purpose of generating additional revenues. This is intended to be informational and will not require a Board Action. However, staff are seeking feedback in order to present actionable items for the Board at a later date.

#### **ISSUE**

This report serves as Marketing's response to the Office of Inspector General's report on *Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities* and CEO's *COVID 19 Call to Action to Control Costs*.

In order to explore further revenue generating opportunities, Marketing staff have been coordinating internally to:

- compose the agency asset / program list for sponsorship opportunities;
- develop a new policy to responsibly execute sponsorship opportunities;
- develop a program to support and manage sponsorship opportunities;
- and identify additional advertising techniques to employ.

#### **BACKGROUND**

In the June 2020 Executive Management Committee, the Office of Inspector General presented the informational report, *Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities*. The report provided an estimated valuation of \$665M revenue opportunity if Metro wishes to explore commercial sponsorship as a business model to generate additional revenues. Activities include assigning title sponsorship to rail and bus lines, rail stations, parking facilities, and programs such as Freeway Service Patrol, Bike Share, and Dodgers Express.

In the May 2020 Board meeting, Metro CEO presented the *Call to Action to Control Costs Pertaining*

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to COVID-19. The Call to Action detailed 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 called for strong fiscal discipline along with exploring additional activities the agency may conduct to diversify and grow additional agency-generated revenues.

## **DISCUSSION**

### Agency Assets to Consider (Asset List)

Based on OIG's report, *Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities*, staff have compiled a list of agency assets for sponsorship opportunities. Essentially, all Metro assets / programs are eligible for sponsorship, however, each sponsorship proposal will be reviewed individually for appropriateness of the asset and agency costs. Marketing staff are soliciting comments from Asset owners, and stakeholder departments and staff.

An overall summary of assets includes:

- All rail and bus lines are eligible
  - Including Dodger Stadium Express and future stadium shuttle(s)
- All rail stations, transit hubs, bus stops are eligible
  - Union Station will execute sponsorship and expanded revenue program through Morlin Management due to historic landmark designation
  - Top tier stations include:
    - 7<sup>th</sup> Street / Metro Center
    - Union Station
    - Wilshire / Vermont
    - Pershing Square
    - Downtown Santa Monica
    - Pico
    - Hollywood / Highland
    - Civic Center / Grand Park
    - Universal / Studio City
    - Hollywood / Vine
- Freeway Service Patrol (will need careful coordination with program partners CHP and Caltrans due to existing program restriction).
- Bike Share (Intersection will also apply standard advertising to Bike Share assets where applicable).

### Commercial Sponsorship Policy



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Staff have drafted a new Commercial Sponsorship Policy providing guidelines and structure to manage a responsible sponsorship program. It will be a separate policy but work in concert with Metro's Property Naming Policy and System Advertising Policy.

The draft policy is receiving comments and revisions through a collaborative effort by stakeholder departments including Civil Rights, Communications, Countywide Planning, Customer Experience, Equity & Race, Highway Programs, Operations, Vendor/Contract Management, and Office of Finance & Budget. Key aspects of the policy include:

- defining eligible agency assets (facilities, transit service, programs, and events) eligible for sponsorship;
- defining sponsorship terms (temporary, short-term, and long-term);
- eligibility and criteria (business and financial standings);
- proposal evaluation criteria (proposals, agency alignments, missions and values);
- responsibilities (financial costs and social/community inclusion);
- guidelines for system integration (system legibility and customer ease of use);
- and business/contract process.

Staff are collecting issues and conflicts in the areas of policy, implementation, and administration - staff is seeking to resolve all open issues before presenting a policy recommendation to the Board for review. At such time, a full overview of the new policy will be provided.

### Commercial Sponsorship Program

Staff envision the sponsorship program to operate similar to the filming liaison services where a specialist acts as an agent or liaison on behalf of Metro. The specialist will *hand-hold* the "sponsoring party" throughout the process of working with Metro to accomplish an approved sponsorship contract.

### *Proposal Process*

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

### *Proposal Review Committee*

A commercial sponsorship proposal Review Committee will be established to review and vet each proposal submitted to the agency - a similar committee reviews all commercial advertising content as part of the advertising process. The Committee will be managed by Marketing and will be composed of stakeholder departments to provide feedback on proposal concerns, and recommend pass-through for Board review and approval.

All long-term sponsorships and/or sponsorships valuing greater than \$500,000 must be reviewed and approved by the Board. All sponsorships affecting facility/station names - regardless of contract value

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- must be reviewed and approved by the Board. Temporary, short-term, and sponsorships valuing \$500,000 or less will be recommended to and approved by the Chief Executive Officer and may be considered advertising packages. However, staff will inform the Board of all sponsorship activity using routine board box memos.

Committee members may include:

- Civil Rights
- Communications (Arts & Design, Community Relations, Marketing, Public Relations)
- Countywide Planning
- Customer Experience
- Equity & Race
- Ethics
- Office of Management and Budget
- Operations / Respective Program / Asset Owner
- Vendor & Contract Management
- *3<sup>rd</sup> Party (consider a non-Metro entity)*

#### *Contract Support*

Staff anticipates outsourcing sponsorship specialist to achieve long-term revenue objectives. Specialists will concentrate on long-term and larger revenue sponsorships. Staff have been coordinating with Vendor/Contract Management for contract options - vetting whether current contracts may be modified or whether new contract services may need to be procured.

Similar to revenue advertising and filming services, sponsorship consultants will operate on a cost neutral financial model - consultants will earn commission with each approved and operational sponsorship contract.

#### *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.

Two additional FTEs will be necessary to begin a sponsorship program, the FTEs will coordinate internally to vet concerns and approvals; and will shepherd the proposal process to completion. Staff will also finalize licenses and contracts with Legal Counsel for each sponsorship, manage the contracts, and continue to manage relationships as sponsorships are formed. Additionally, staff will also create and execute smaller sponsorship packages (\$250,000 and less) to offset current departmental and event costs. Anticipated FTEs needed to support program are:

- Communications Manager
- Senior Communications and Marketing Officer

#### Additional Advertising Options

*Alcohol and Cannabis*

Staff reached out to the agency's current advertising contractors, Outfront and Intersection, to explore additional techniques to increase revenues. Both contractors are employing all advertising techniques feasible within our system (exterior ads, vehicle wraps, take-overs, activations, going digital). However, the allowance of prohibited content such as alcohol and cannabis may provide additional revenues to the current advertising program.

Allowing alcohol advertising may generate an additional \$1,450,000 - \$2,100,000 on both bus and rail, allowing cannabis advertising may generate an additional \$600,000 - 700,000 on both bus and rail, for a grand total of \$2,050,000 - \$2,500,000 annually (total annual sales before revenue share). Metro may potentially see additional payments of \$1,127,500 - \$1,375,000 annually by allowing these contents on our system.

Estimated annual earns:

	<b>Alcohol</b>
Bus	\$1,000,000 - \$1,500,000
Rail	\$450,000 - \$600,000
	<b>Cannabis</b>
Bus	\$300,000
Rail	\$300,000 - \$400,000
Grand Total	\$2,050,000 - \$2,500,000

**Metro Payments \$1,127,500 - \$1,375,000**  
*55% revenue share*

Nationally, these transit agencies already permit alcohol advertising - NY MTA, CTA, DART, NJT, MARTA, MBTA, Metro Transit Minneapolis, Miami-Dade, SEPTA, and WMATA; SFMTA allows drink responsible messaging only. MARTA also permits cannabis advertising.

Both of these items are prohibited under the current System Advertising Policy (COM 6) and would require revisions for this allowance. Marketing staff are seeking the Board's feedback on the allowance of alcohol and cannabis. Staff will return with industry regulation, restrictions, and Metro policy information if so directed.

*Digital Exterior King Ads on Buses*

Outfront, Metro's bus advertising partner would like to perform a pilot, testing 1 king-size digital screen on a Metro bus. The pilot will demonstrate equipment feasibility and serve as proof of concept for the advertising market. Upon conclusion of the pilot, Outfront and Metro may consider installing 100 large-format digital screens on 100 buses for digital exterior king sales. In coordination with Bus Operations, Outfront will bare the cost of installation, maintenance, and management of the digital equipment.

Metro buses currently carry static advertising (exterior king ads, vehicle wraps, and interior posters)

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where each bus earns Metro approximately \$15,000 annually. Migrating to digital advertising may generate an additional 6x-9x per bus, thus, one digital bus may generate \$90,000 - \$135,000 annually. 100 digital buses may generate an additional \$9,000,000 - \$13,500,000 annually for Metro (revenue payments).

Estimated annual earns:

	Static	Digital
Bus x 1	\$15,000	\$90,000 - \$135,000 (6x - 9x of static earn)
Bus x 100	\$1,500,000	<b>\$9,000,000 - \$13,500,000</b>

**Metro Payments \$9,000,000 - \$13,500,000**  
(55% revenue share)

Marketing staff are seeking the Board's feedback on this pilot option. It is not necessary to revise Metro policies or contracts to implement this and the current advertising contract(s) already provide affordance of digital and other exploratory techniques. However, staff will return with state regulation, restrictions, and policy if so directed.

### **FINANCIAL IMPACT**

Receipt and file of this report will have no financial impact.

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

Implementation of revenue programs support Metro's strategic goals of good governance and fiscal responsibility - Goal 5.2.

### **NEXT STEPS**

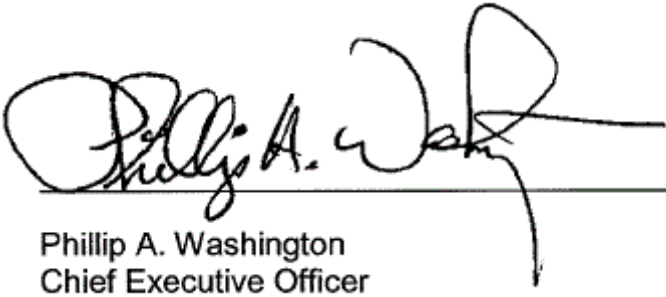
Upon Board feedback, staff will return with necessary programs, policies, and contract modifications for Board review and consideration.

### **ATTACHMENTS**

Attachment A - LACMTA Asset Valuation Study (Legistar File # 2020-0387)  
Attachment B - Asset List for Commercial Sponsorship Consideration  
Attachment C - Revenue Generation Presentation

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Phillip A. Washington  
Chief Executive Officer



## Board Report

File #: 2020-0387, File Type: Informational Report

Agenda Number: 30.

### EXECUTIVE MANAGEMENT COMMITTEE JUNE 18, 2020

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL REPORT ON ASSET VALUATION FOR ADVERTISING, SPONSORSHIP, AND OTHER REVENUE OPPORTUNITIES**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE Report by the Office of Inspector General of Metro's Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities

#### **ISSUE**

The LACTMA (Metro) Office of the Inspector General (OIG) prepared through its consultant the Superlative Group, an assessment 1) of the 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 LACTMA-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 Study is attached to this report. The estimated values in the Study are based on pre-Covid 19 era circumstances.

#### **BACKGROUND**

The OIG conducted an Opportunity Assessment / Audit Universe Program in FY 2019. This is a Program where we consider "opportunities" to carry out Board objectives and positive, pro-active, creative methods to carry out our duties to identify fraud, waste or abuse. This includes identification of any waste by nonuse of a resource at its highest and best use for the public benefit. During that Program we identified a review of our assets for advertising, station sponsorship, and other potential revenue opportunities as a Project.

Metro is unique among the nation's transportation agencies. It serves as transportation planner, coordinator, designer, builder and operator for one of the country's largest, most populous counties, Los Angeles. More than 10 million people - nearly one-third of California's residents - live, work, and play within its 1,433-square-mile service area. This diversity and Metro's extraordinary real estate holdings and other assets presents a wealth of alternative opportunities for naming rights and advertising methods. Metro does have an advertising program already for its bus and rail system but it is limited in scope and might benefit from having a current assessment of the value of each

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segment of the system, or consideration of the value of unexploited segments that don't currently exist like public restrooms if placed on our property along our system.

## TAP CARDS

Metro uses a plastic Transit Access Pass (TAP) card for patrons/riders to ride its transit system as fare media. Patrons pay \$2 for a new TAP card and the card can be reloaded/reused. Each TAP card is uniquely identified by a serial number.

Metro has broached advertising on its cards, such as in a partnership with the Los Angeles Football Club (LAFC, a professional soccer team), when it issued a limited-edition LAFC-branded TAP card. Metro also periodically issues commemorative and special event TAP cards on a limited basis, in addition to regular TAP cards. Currently Metro does not have an ongoing program to sell advertisements on the TAP cards or its card vending machines.

The OIG engaged in discussions and received assistance from the Metro TAP and Communications Departments to receive their input and conduct preliminary research. We found that the New York City Metropolitan Transportation Authority sells advertising on their Metro Cards. They first sold space on the back of the cards and then began offering space on both sides of the cards in 2012. Companies can purchase advertising on the back only or on both sides, printed in a 4-color process. The advertisers may target up to 10 stations for sale at station booths, vending machines and retail outlets, either by location or by lines. The OIG consultant also conducted research and found that the advertisers may advertise on 50,000 up to 2 million cards on each run for the back only, and up to 5 million cards for both sides; the larger the run, the lower the cost per card. The rates are \$.21 to \$.51 per card for the back, and \$.25 to \$.45 per card for both sides.

The useful life of a TAP card is generally a maximum of 10 years, so advertising a short term product (like a coupon only good for 90 days on a card) is not the most viable option, however an option like a discount from a county wide retail chain continuing until the program ends at participating stores, is a common parameter that could be more viable.

## STATIONS AND OTHER ASSETS

With the construction and opening of new service lines anticipated in the future, now appeared to be an appropriate time to re-review and re-strategize concerning advertising and sponsorship opportunities, with an eye towards consistency, modernization, effective information distribution, and equitable monetization across the system as it is evolving and as warranted by the specifics of the location and its circumstances. To ensure there is no waste of an agency asset we determined to assemble for the Board's consideration an assessment of the Metro system for potential advertising, sponsorship and other options for revenue from a holistic agency wide perspective. We think the Covid 19 circumstances makes this analysis even more critical and relevant to Metro needs, though the estimated values are likely affected in the short term.

We recognize that some advertising can undermine our branding, be unattractive in appearance, or be off-putting to riders and that Board Members are concerned about these and other factors. However, the Board has consistently instructed staff not to fail to bring forward information and ideas for its consideration based on an assumption that the Board will not be interested in a

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particular proposal. That deprives the Board of the opportunity to discuss matters in changing times and make those decisions.

## **DISCUSSION**

The OIG hired the Superlative Group, a company with experience in advertising and branding, to perform a study of the potential value of Metro assets for advertising, sponsorship, and other revenue and document the results in the attached report, in two parts: advertising on and sponsorship of (1) TAP cards, and (2) Metro's facilities and other assets.

### **Part I**

Part I of the Study presents the feasibility and potential revenue from selling advertisements and sponsorships on LA Metro TAP cards and/or personalization on the TAP card for a fee to generate revenue for Metro.

The results of the Study indicate that sponsorship of Metro assets can provide additional revenue and in-kind support for Metro. If TAP card sponsorship is sold at the high end of the possible ranges, it is estimated to generate more than \$22.5 million over the a long term (10 years for Primary Sponsors, four weeks for advertisers), assuming a 2.6% Consumer Price Index (CPI) escalator. The consultant believes that Primary Sponsorship of the TAP Card program, rather than short term advertising, is a simpler and more valuable approach to monetization of the asset. The OIG believes that both options can be used with exclusive advertising for a sponsorship possibly selling at a higher rate than sponsorship with shared advertising.

### **Part II**

Part II of the Study, is an evaluation of the feasibility and potential revenue from corporate sponsorships on Metro's expansive transit system. The consultant identified the likely revenue from sponsorships from specific Metro assets. The Study focuses on naming rights potential revenue for Metro rail system, Metro bus system, rail and bus stations, Freeway Service Patrol, Metro Bike Share, the passageways at Union Station, and Metro parking structures.

The Study shows that if rights are sold at the high end of the ranges, naming rights and corporate sponsorships for Metro assets could generate more than \$665 million over the long term, assuming inclusion of a 2.6% CPI escalator for each deal. Long terms are 25 years for rail and bus lines, and 10 years for rail/bus stations, and other assets. These estimates may be impacted in the short term based on the magnitude of Covid 19 circumstances that were unanticipated at the time of the Study.

## **FINANCIAL IMPACT**

Receipt and file this report will have no financial impact. Adoption of the programs as suggested by the Study could generate significant revenue for the agency after recovery from the Covid 19 era.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**



The information in this Report supports Metro's strategic goals of good governance and fiscal responsibility (goal # 5)

### **NEXT STEPS**

The OIG recommends that Metro management:

- Review the OIG Report;
- Listen to the comments and concerns of the Board relative to any advertising or sponsorship programs that might be adopted in response to the Report: and
- Consider moving forward to implement new robust and innovative advertising programs that maximize revenue opportunities tempered by the Board's concerns and direction to staff.

### **ATTACHMENTS**

Attachment A - OIG Asset Valuation for Advertising, Sponsorship, and Other Revenue Opportunities

Prepared by: John Metcalf, Retired Sr. Auditor  
Yvonne Zheng, Sr. Manager, Audit, (213) 244-7301  
George Maycott, Acting Sr. Director, I.G. Audits, (213) 244-7310

Reviewed by: Karen Gorman, Inspector General, (213) 922-2975

**Los Angeles County  
Metropolitan Transportation Authority  
Office of the Inspector General**

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

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Report No. 20-AUD-10


June 9, 2020





**Metro**

**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

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Date June 4, 2020

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To Karen Gorman, Inspector General

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From Yvette Rapose, Chief Communications Officer

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Subject LACMTA Asset Valuation Study – Communications Response

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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.

# 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

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# 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	<b>Option A (Recommended): Primary Sponsor: \$1.5 million - \$2.0 million</b> <b>Option B: Advertising Program: \$400,000 - \$750,000</b>
Terms	10 years for Primary Sponsor Four weeks for advertisers
Total Revenue Potential <sup>1</sup>	<b>Primary Sponsor: \$22.5 million</b> <b>Advertising Program: \$7.5 million</b>
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<sup>2</sup>:

Table 1.4.2

Rail and Bus Lines	Value Per Annum		Total Over Term (25 years)	
	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
<b>TOTALS</b>	<b>\$7,400,000</b>	<b>\$12,550,000</b>	<b>\$256,067,213</b>	<b>\$434,276,150</b>

<sup>1</sup> Revenue potential shows the top of each value range over the proposed term, assuming an annual CPI escalator of 2.6%

<sup>2</sup> 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
<b>TOTALS</b>	<b>\$2,250,000</b>	<b>\$3,500,000</b>	<b>\$25,323,589</b>	<b>\$39,392,249</b>

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
<b>TOTALS</b>	<b>\$400,000</b>	<b>\$4,501,971</b>	<b>115</b>	<b>\$125,492,424</b>

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
<b>TOTALS</b>	<b>\$3,525,000</b>	<b>\$5,850,000</b>	<b>\$39,673,621</b>	<b>\$65,841,333</b>

## 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<sup>3</sup>

#### 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

<sup>3</sup> Source: [www.metro.net](http://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
<b>High Occupancy Vehicles - Carpool Lanes</b>	
Length in miles	219
Lane miles in both directions	539
<b>Metro Freeway Service Patrol</b>	
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 19<sup>th</sup> 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<sup>4</sup>

- 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

<sup>4</sup> Circa May 2020. Obtained through information provided by LACMTA, public LACMTA-owned assets (e.g., [www.metro.net](http://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.

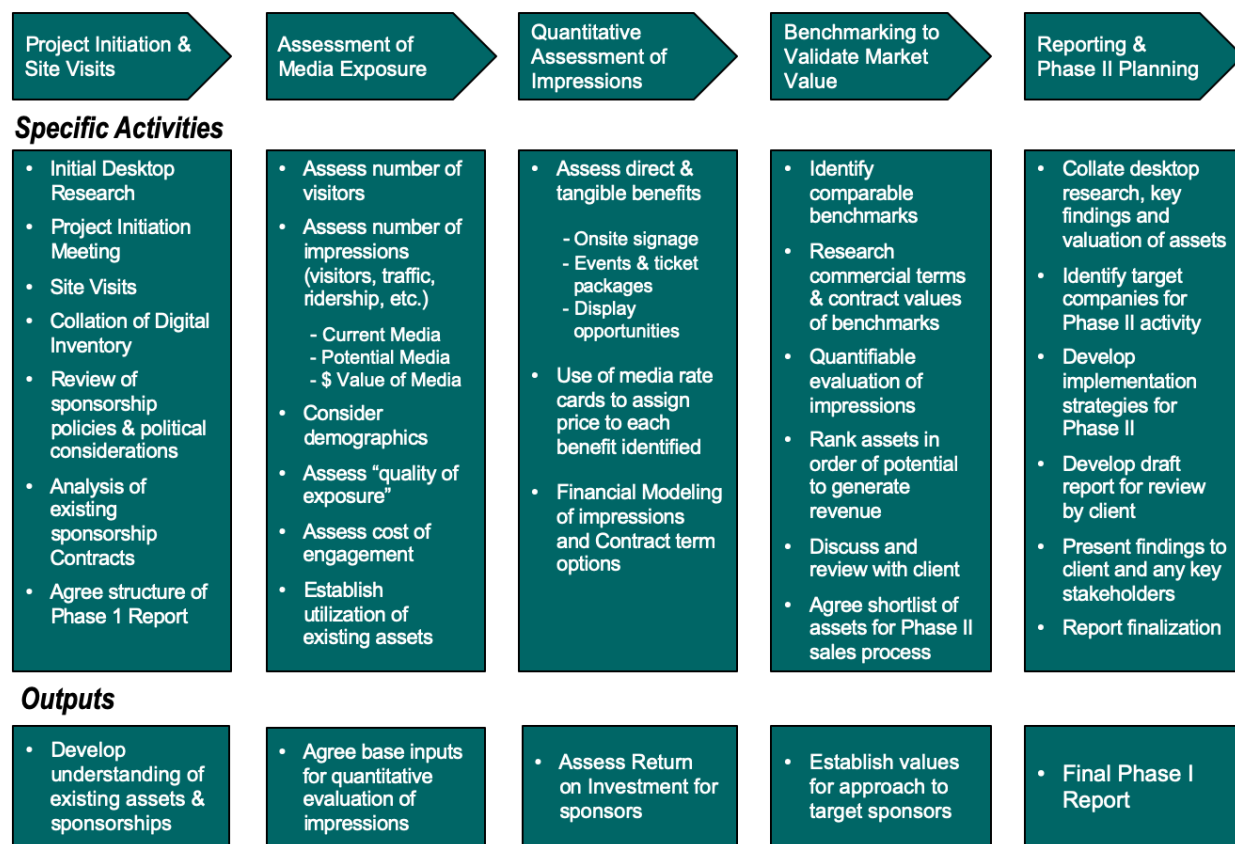
The **Market Method** assumes that a Naming Rights proposition can be valued by reference to similar transactions of Naming Rights bundles within equivalent sets of local area demographic characteristics, comparable points in time and equivalent features. This is described as the most common approach 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

**Valuation Report – Key Activities****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



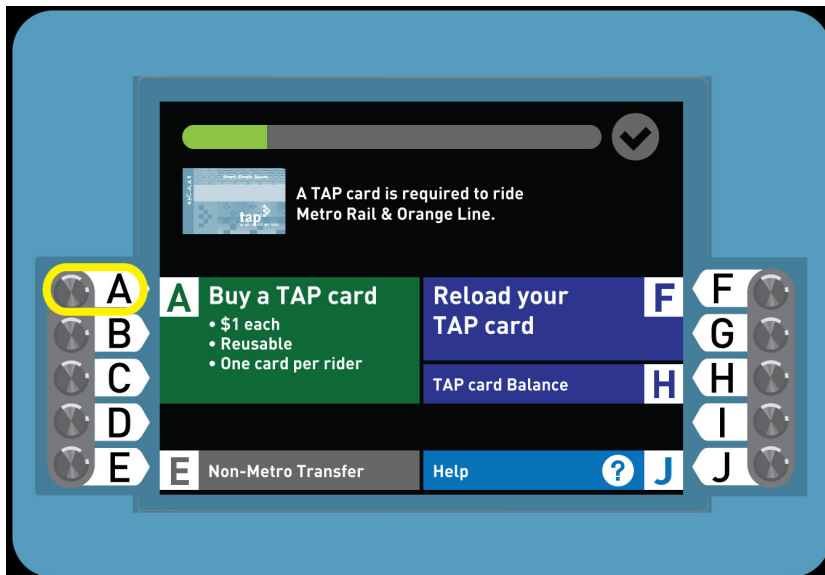
Figure 4.2.2



*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 <sup>5</sup>
<b>B Line</b>				
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
<b>C Line</b>				
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
<b>A Line</b>				
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

<sup>5</sup> 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
<b>L Line</b>				
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
<b>E Line</b>				
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
<b>G Line</b>				
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
<b>J Line</b>				
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
<b>Customer Center</b>				
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
<b>Regional TVMs</b>				
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



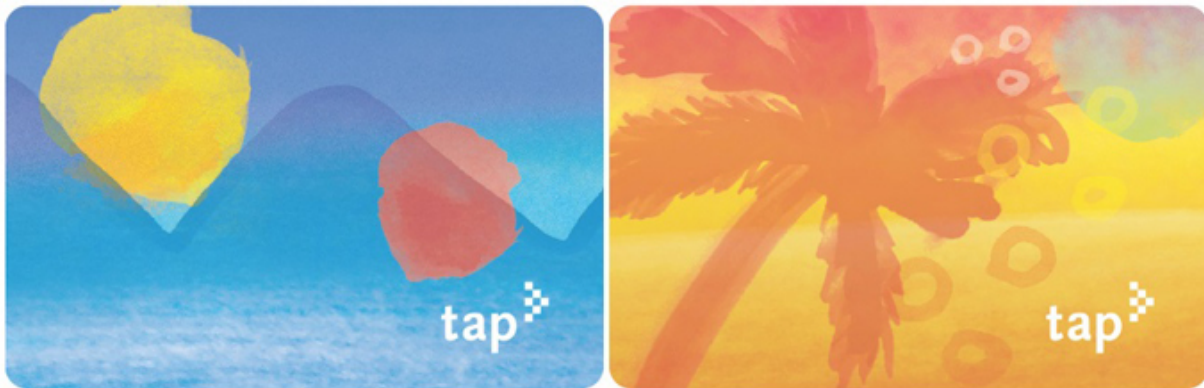
Figure 4.2.8 Bus Fareboxes



**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.

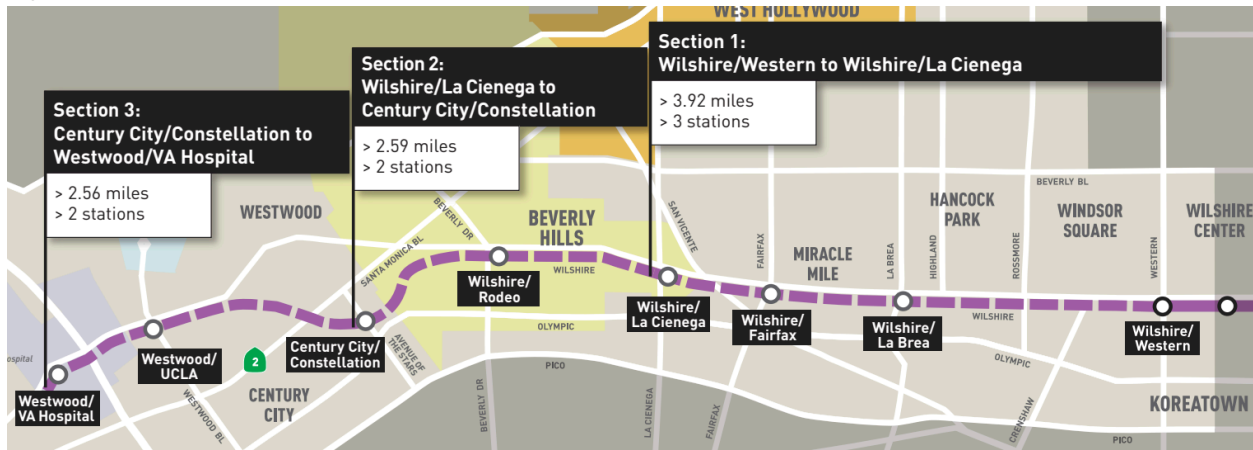
Figure 4.3.4 Metro L Line



### 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

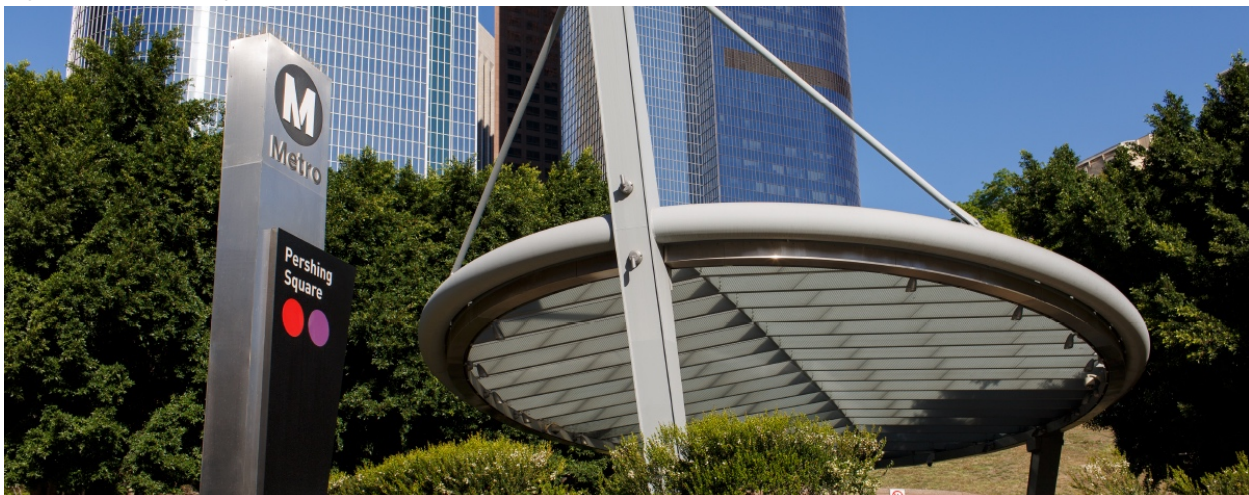
Figure 4.5.1 Civic Center/Grand Park Station



### **Pershing Square**

The Pershing Square Station sits adjacent to Pershing Square at 5<sup>th</sup> 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



### **7<sup>th</sup> Street/Metro Center**

A major rail station located at 7<sup>th</sup> and Flower streets, 7<sup>th</sup> 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. 7<sup>th</sup>/Metro Center has direct access to The Bloc Shopping Mall and is right in the thick of the Financial District.



Figure 4.5.3 7<sup>th</sup> 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	24-Hour Access	30-Day Pass	365-Day Pass <i>Best Value</i>
\$1.75/30 Minutes	\$5 to Start	\$17/month	\$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

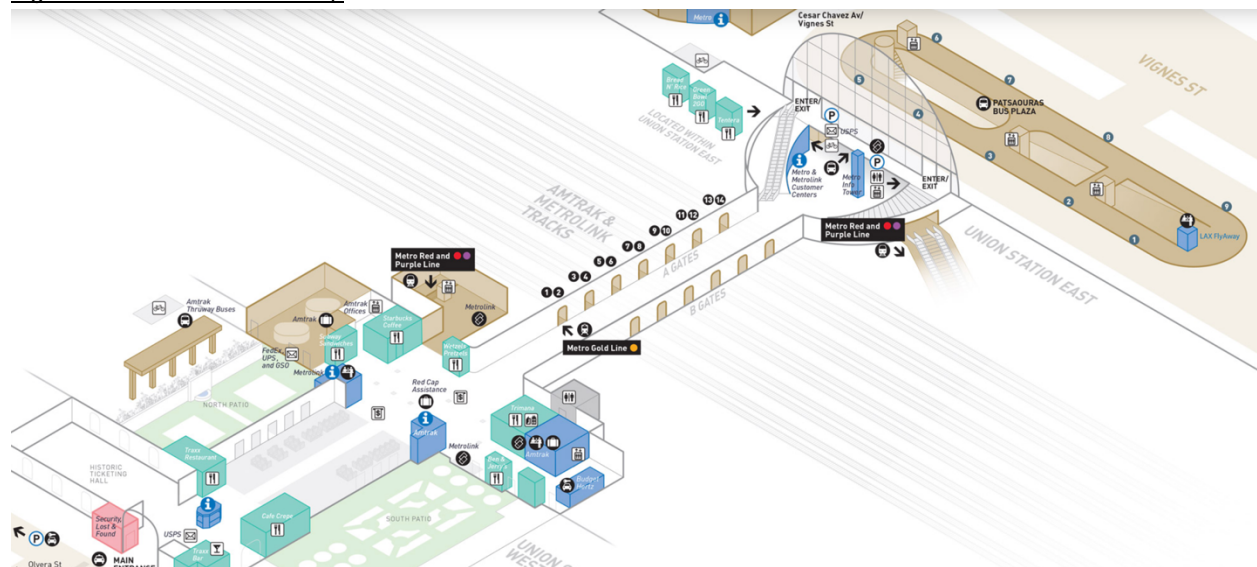


#### 4.8 Passageway at Union Station

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

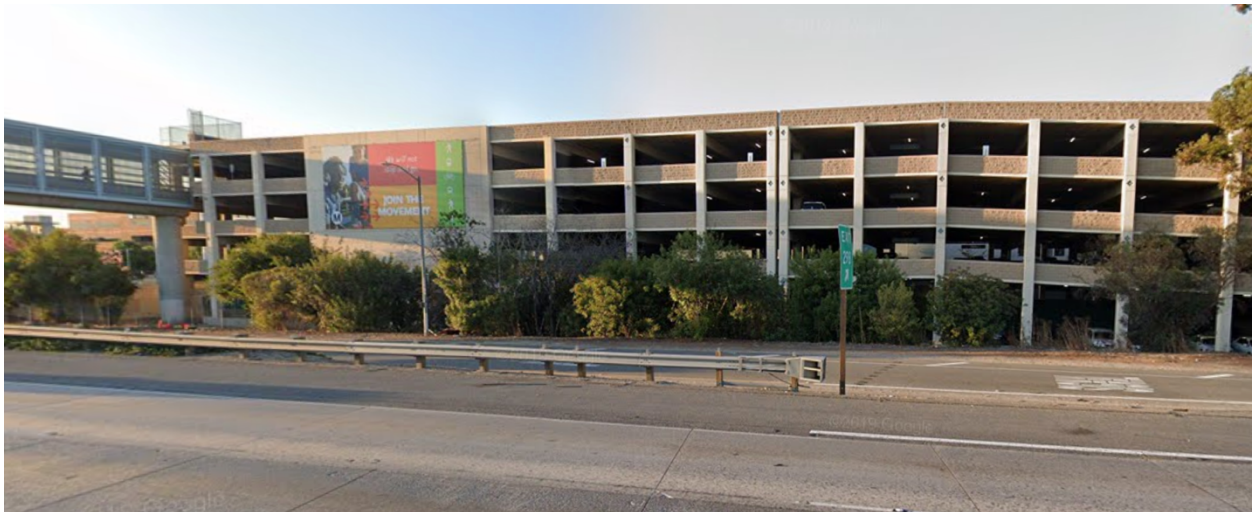
##### Overview

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 27<sup>th</sup> 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 27<sup>th</sup> 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.<sup>6</sup>

##### 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.<sup>7</sup>

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

<sup>6</sup> Quibrial, Nasreen, Sr. "The Contactless Wave: A Case Study in Transit Payments." Emerging Payments Industry Briefing, Federal Reserve Bank of Boston. 2008.

<sup>7</sup> 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,<sup>8</sup> 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.<sup>9</sup>

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.<sup>10</sup> 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

<sup>8</sup> Transportation Research Board of the National Academies, “Implementation and Outcomes of Fare-Free Transit Systems: A Synthesis of Transit Practice.” Washington, D.C. 2012.

<sup>9</sup> Quibrial, Nasreen, Sr. “The Contactless Wave: A Case Study in Transit Payments.” Emerging Payments Industry Briefing, Federal Reserve Bank of Boston. 2008.

<sup>10</sup> Tode, Chantel. “MBTA simplifies daily commute via mobile ticketing.” *RetailDive*. Published in 2012 and retrieved January 31, 2020.

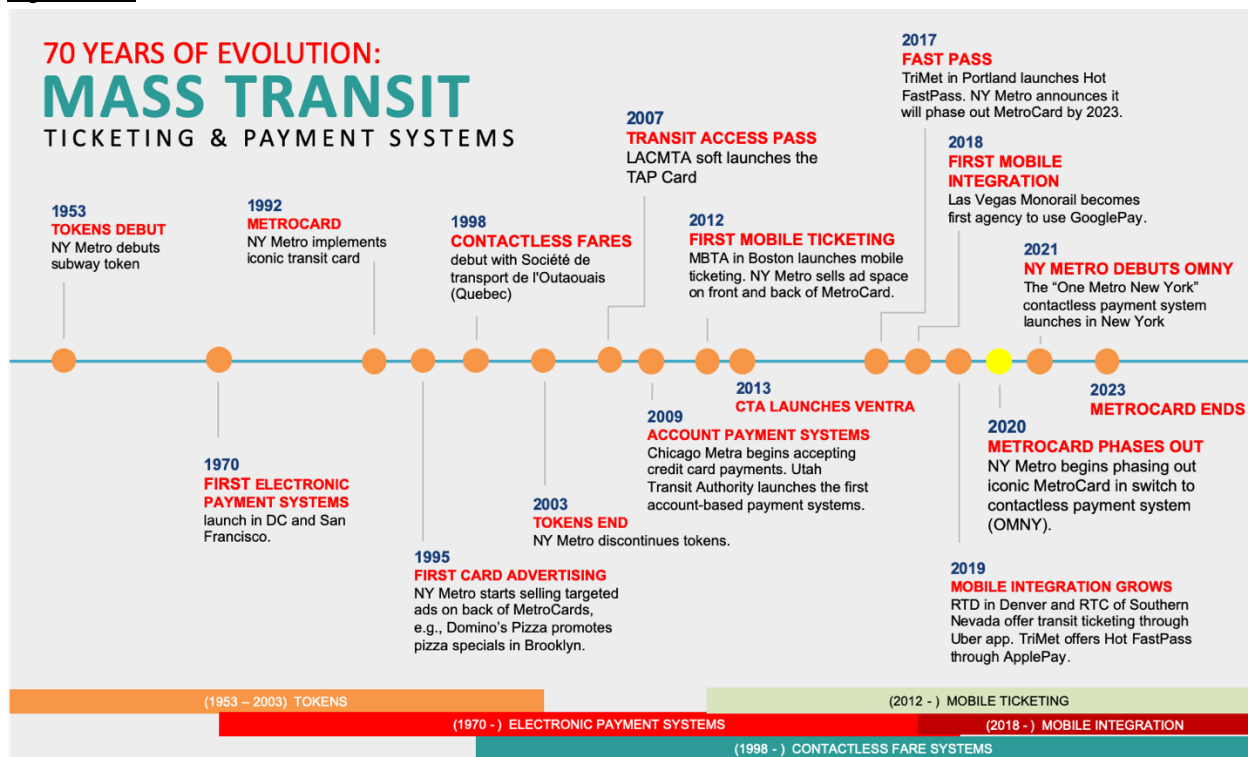
iPhone did not fully unlock their NFC capabilities until 2018, and then with little fanfare.<sup>11</sup> However, this upgrade had an immediate impact within the transit sector. In March 2018, the Las Vegas Monorail became the first transit agency to partner with GooglePay to offer a fully-integrated 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<sup>12</sup>, 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 (RTC SNV) 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



<sup>11</sup> Roberti, Mark. "Apple Unshackles the iPhone NFC Reader." *RFID Journal*. September 17, 2018.

<sup>12</sup> 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<sup>13</sup>, 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.

<sup>13</sup> 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<sup>14</sup>. 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 Bleecker Street stations in downtown Manhattan.<sup>15</sup> 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.

<sup>14</sup> Allen, Jordan. "Winter is coming' for NYC's Subway System." *The Points Guy*. Dec 7, 2018

<sup>15</sup> 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)

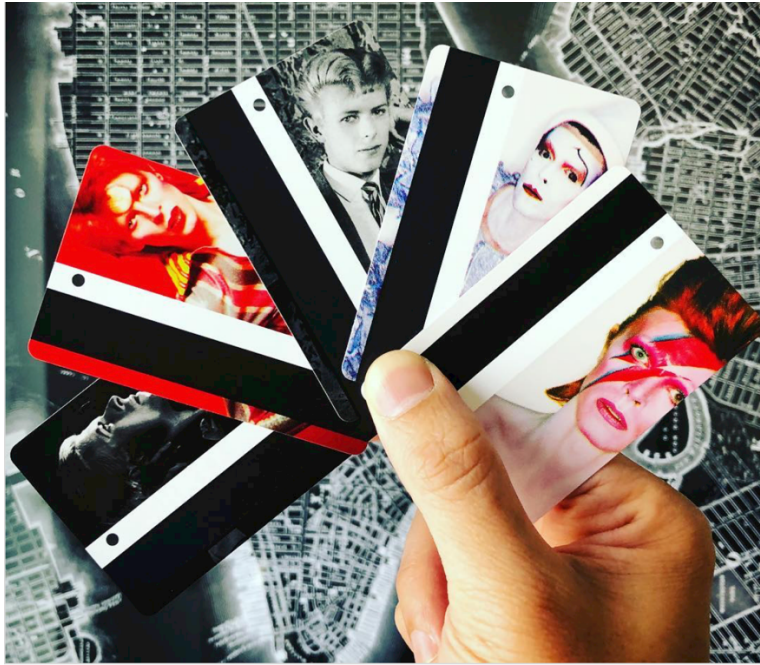









Figure 5.2.8 New York MTA Tweet Promoting the Campaign (2018)

 **NYCT Subway**   
@NYCTSubway 

Rail Control to Major Tom: David Bowie branded MetroCards, created by [@Spotify](#), are now available at the Broadway-Lafayette and Bleecker St stations. We've printed 250,000 cards, featuring 5 iconic images from the David Bowie exhibit [@BrooklynMuseum](#). Drop by anytime to get yours.



 1,557  3:42 PM - Apr 17, 2018 



 510 people are talking about this 



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

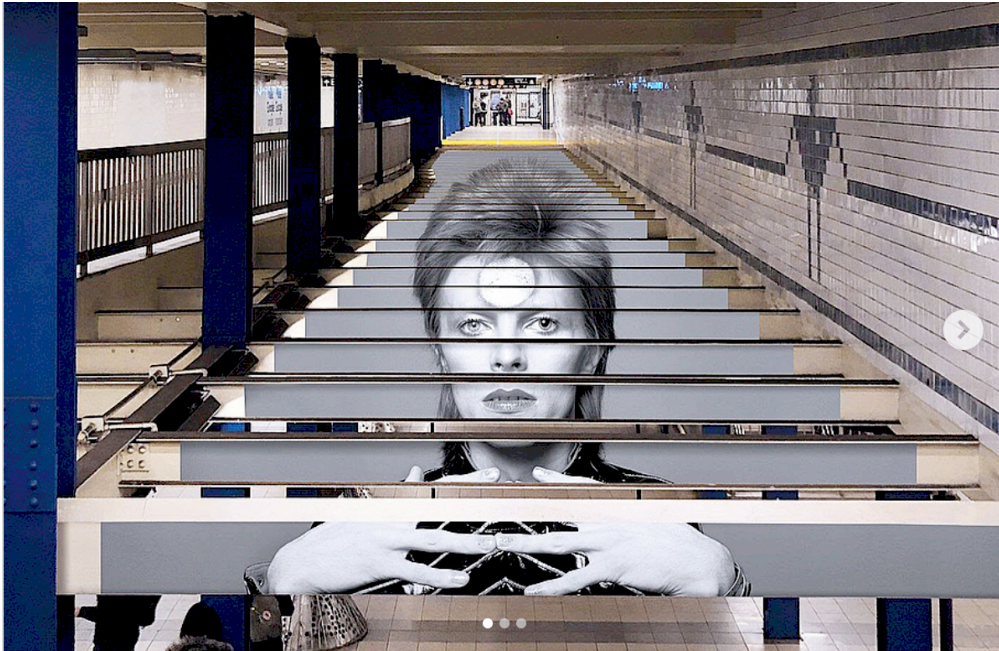


Figure 5.2.10 David Bowie-branded Broadway-Lafayette Station (2018)



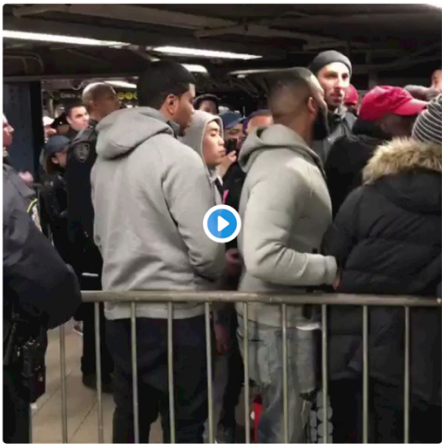
### Key Findings

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<sup>16</sup> to thousands<sup>17</sup> of dollars. See Figures 5.2.11 – 5.2.12 below.

Figures 5.2.11 and 5.2.12 Rider Tweets Illustrating Response to Supreme-themed MetroCard Promotion

**Icculus The Brave**  
@FirenzeMike

These fools out there at Union Square waiting in line for a Supreme MetroCard 😂😂😂. #MTA




195 8:13 PM - Feb 20, 2017

115 people are talking about this

**salaryman**  
@bobby

these people were all waiting in line to buy a metrocards with a supreme logo on it. there were like three cops running security.



181 1:57 AM - Feb 21, 2017

47 people are talking about this

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<sup>18</sup>, 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.)

<sup>16</sup> Maurer, Daniel. "Don't Pay \$100 For a Supreme MetroCard, You Can Get Them in the Subway Again." *Bedford + Bowery*. February 21, 2017.

<sup>17</sup> Tiffany, Kaitlin. "The MTA's Supreme-branded MetroCard is a hot commodity." *The Verge*. February 20, 2017.

<sup>18</sup> 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 advertising 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 20<sup>th</sup> 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.<sup>19</sup> 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

<sup>19</sup> 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, Apple 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p>Sponsor Signage Exposure</p> <ul style="list-style-type: none"> <li>• Sponsor ID on TAP Cards;</li> <li>• Static Sponsor ID on Ticket Vending Machines;</li> <li>• Sponsor ID on Ticket Vending Machines Digital Screen Display;</li> <li>• Sponsor ID on TAP Card Readers (station and bus);</li> </ul> <p>Digital Exposure</p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media<sup>20</sup>.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Primary Sponsorship agreement will include an escalator within a reasonable range of CPI.</p>

<sup>20</sup> 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
<b>TOTAL</b>	<b>486,880,321</b>	<b>\$1,858,422</b>

### 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 <ul style="list-style-type: none"> <li>• ID on 250,000 TAP Cards;</li> <li>• :02 Ad on Ticket Vending Machines Digital Screen Display;</li> </ul> Digital Exposure <ul style="list-style-type: none"> <li>• Sponsor Ad on metro.net; one month</li> </ul>
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
<b>TOTAL</b>	<b>5,443,325</b>	<b>\$114,437</b>

## 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](http://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<sup>21</sup>, 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<sup>22</sup>, and the additional exposure was offered to the partner for free as part of their existing out-of-home contracts<sup>23</sup>. 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



<sup>21</sup> Which is also one of LACMTA's out-of-home media partners.

<sup>22</sup> Palus, Shannon. “Oh Good, a Subway System Is Making Riders Stare at Ads Before They Can Buy Tickets.” *Slate*. May 7, 2019.

<sup>23</sup> 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.

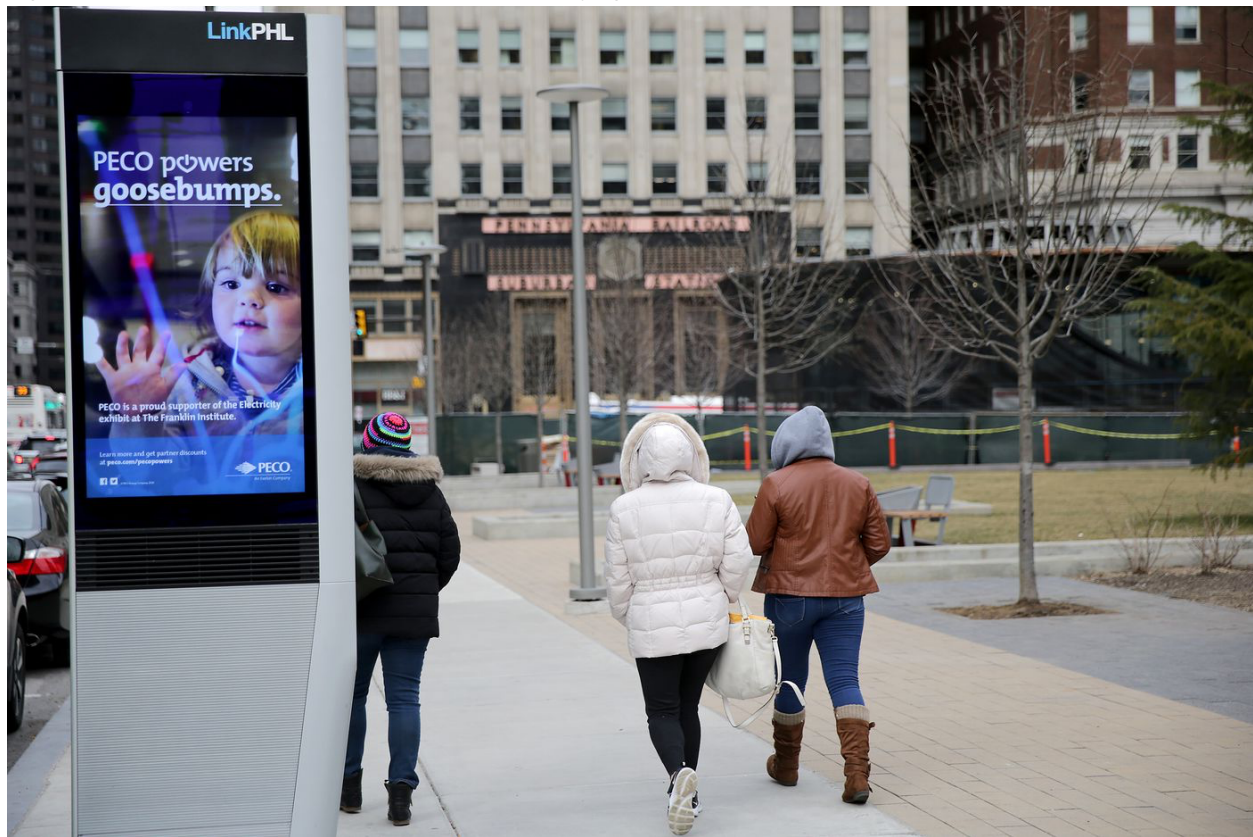
Figure 7.2.3 Rendering from InLinkUK Kiosk Spec Sheet



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 Verkehrsbetriebe (BVG)’s partnership with Adidas (below)—they can be.

### **Berliner Verkehrsbetriebe (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

Asset	G Line
Asset Description	G Line Naming Rights
Sponsorship Opportunity	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bus Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Bus Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>122,393,834</b>	<b>\$498,134</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bus Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Bus Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>187,591,534</b>	<b>\$712,466</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bus Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Bus Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>70,781,844</b>	<b>\$311,668</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bus Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>29,129,690</b>	<b>\$140,348</b>

### 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

<b>Highway Stations</b>	
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/37 <sup>th</sup> 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

<b>Gold Stations</b>	
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

<b>Silver Stations</b>	
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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>260,629,945</b>	<b>\$954,584</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>347,914,381</b>	<b>\$1,355,392</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>573,519,238</b>	<b>\$2,371,886</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>388,384,027</b>	<b>\$1,577,565</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>141,883,108</b>	<b>\$663,198</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Train Exterior;</li> <li>• Sponsor ID on Station &amp; Shelter Signs;</li> <li>• Sponsor ID within Train Interior;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Platform Ticket Vending Machines;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> <li>• Sponsor ID in Earned Media</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media;</li> <li>• Sponsor ID on LACMTA Email Communications;</li> <li>• Sponsor ID on GoMetro Mobile App.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>215,167,758</b>	<b>\$852,047</b>

### 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Station Signs;</li> <li>• Sponsor ID on Interior Station Signs;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Route Maps within Vehicles;</li> <li>• Sponsor ID in Audio Announcements within Vehicles;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>65,709,274</b>	<b>\$354,755</b>

**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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Station Signs;</li> <li>• Sponsor ID on Interior Station Signs;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Route Maps within Vehicles;</li> <li>• Sponsor ID in Audio Announcements within Vehicles;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>91,758,985</b>	<b>\$460,608</b>

## 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 7<sup>th</sup> 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 7<sup>th</sup> Street/Metro Center station.

Table 9.10.1

Asset	7 <sup>th</sup> Street/Metro Center Station
Asset Description	7 <sup>th</sup> Street/Metro Center Naming Rights
Sponsorship Opportunity	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Station Signs;</li> <li>• Sponsor ID on Interior Station Signs;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Route Maps within Vehicles;</li> <li>• Sponsor ID in Audio Announcements within Vehicles;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>



### Value Range: 7<sup>th</sup> 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 7<sup>th</sup> Street/Metro Center station:

Table 9.10.2 7<sup>th</sup> 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
<b>TOTAL</b>	<b>396,038,851</b>	<b>\$1,724,607</b>

### Revenue Potential

The Superlative Group calculates the fair market value range of the 7<sup>th</sup> 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 7<sup>th</sup> 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	<p>Subject to LACMTA approval, a Naming Rights Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Station Signs;</li> <li>• Sponsor ID on Interior Station Signs;</li> <li>• Sponsor ID on Permanent Station Maps;</li> <li>• Sponsor ID on Route Maps within Vehicles;</li> <li>• Sponsor ID in Audio Announcements within Vehicles;</li> </ul> <p><b>Sponsor ID in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Published LACMTA Schedules/Maps;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>68,049,740</b>	<b>\$331,371</b>

## 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, 103 <sup>rd</sup> Street/Watts Tower, Compton, Artesia, Del Amo, Wardlow, Willow Street, Anaheim Street, 5 <sup>th</sup> Street, 1 <sup>st</sup> 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bicycles;</li> <li>• Sponsor ID on Bicycle Racks;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Bike Share Email Communications;</li> <li>• Sponsor ID on Bike Share and LACMTA websites;</li> <li>• Sponsor ID on Bike Share Mobile App;</li> <li>• Sponsor ID on Bike Share and LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>253,829,677</b>	<b>\$782,371</b>

**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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Passageway Entrance Signage;</li> <li>• Sponsor ID on Interior Passageway Signage;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net; multiple pages;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>86,008,818</b>	<b>\$292,723</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Facility Exterior;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net; multiple pages;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>99,540,878</b>	<b>\$201,978</b>

## 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, 7<sup>th</sup> 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/21<sup>st</sup> 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>10,094,040</b>	<b>\$51,455</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>10,059,191</b>	<b>\$51,215</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>15,909,804</b>	<b>\$81,757</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>7,333,259</b>	<b>\$36,840</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>15,534,699</b>	<b>\$80,026</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>13,955,612</b>	<b>\$72,041</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>12,796,539</b>	<b>\$65,312</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>75,054,328</b>	<b>\$390,787</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Exterior Garage Signage;</li> <li>• Sponsor ID on Interior Garage Signage;</li> <li>• Sponsor ID on Garage Ticketing Machines/Booths;</li> </ul> <p><b>Sponsor Exposure in Additional Marketing Materials</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Garage Tickets;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Naming Rights Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>13,297,636</b>	<b>\$68,415</b>

### 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	<p>Subject to LACMTA approval, a Sponsorship Agreement would include the following sponsorship benefits:</p> <p><b>Sponsor Signage Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on Freeway Service Signs;</li> <li>• Sponsor ID on Freeway Service Vehicles;</li> <li>• Sponsor ID from Freeway Service Patrol Assists;</li> </ul> <p><b>Digital Exposure</b></p> <ul style="list-style-type: none"> <li>• Sponsor ID on metro.net;</li> <li>• Sponsor ID on LACMTA Social Media.</li> </ul>
Term of Sponsorship	<p>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.</p> <p>The Sponsorship Agreement will include a CPI escalator, assumed to be 2.6% in California.</p>

### 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
<b>TOTAL</b>	<b>9,513,045,371</b>	<b>\$2,846,848</b>

### 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)
<p>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.</p> <p>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.</p>	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) [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	<b>Option A (Recommended): Primary Sponsor: \$1.5 million - \$2.0 million</b> <b>Option B: Advertising Program: \$400,000 - \$750,000</b>
Terms	10 years for Primary Sponsor Four weeks for advertisers
Total Revenue Potential <sup>24</sup>	<b>Primary Sponsor: \$22.5 million</b> <b>Advertising Program: \$7.5 million</b>
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.

<sup>24</sup> 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
<b>TOTALS</b>	<b>\$7,400,000</b>	<b>\$12,550,000</b>	<b>\$256,067,212</b>	<b>\$434,276,151</b>

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
<b>TOTALS</b>	<b>\$2,250,000</b>	<b>\$3,500,000</b>	<b>\$25,323,589</b>	<b>\$39,392,250</b>

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
<b>TOTALS</b>	<b>\$400,000</b>	<b>\$4,501,971</b>	<b>115</b>	<b>\$125,492,424</b>

Other Metro Assets	Value Per Annum		Total Over Term (10 years)	
	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
<b>TOTALS</b>	<b>\$3,525,000</b>	<b>\$5,850,000</b>	<b>\$39,673,623</b>	<b>\$65,841,333</b>

### 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.



# A References

## **Documents Provided by LACMTA**

Bike Assets

BikeShare Bike Asset Specs

City Sign Ordinances – Arcadia, Azusa, Compton, Culver City, Downey, Duarte, El Segundo, Hawthorne, Inglewood, Irwindale, Long Beach, Los Angeles, Lynwood, Monrovia, Norwalk, Pasadena, Redondo Beach, Santa Monica, South Pasadena

Division Facilities Locations

Division Locations 2016

E-Signage Inventory

E-Signage Metro TPIs Master List

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

Final City of LA MOU

Final City of LA MOU Amendment 1

Final MBS000001 Amendment #2

Fully Executed Modification No 1 – Metro Bikeshare

FW\_Metro x LAFC 2019 Agreement – Amendment

LA Metro – Transit Authority Ratecard – TA Direct Rates

Los Angeles Ratecard-Bus ALL

Material Fabrication Standards F

Metro Bike Share 2-Pg

Metro Bike Share Deck April 2017

Metro Bike Share Sponsorship Opportunities

Metro Owned Parking OIG

Metro Rail Current and Future

Metro Stations\_Rail-Transitway

Park and Ride Summary 2017

Potential Group for Complimentary Bike Branding

PS41099B – Outfront Media Group

PS41099R – Intersection Parent Inc

RE Modification No. 1 (Sponsorship Agreement)

Re\_Advertising in Metro Bike rack location at 919 Albany St

RFP No PS157140024

Sales Activity Tracker 030416

Statement of Work-Revised wpics

Supplemental SOW (Final)

Systemwide Bus Lines

Systemwide Bus Stops

Train Vehicles Assignments by Facility

TVM Locations

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City of Carson - [http://ci.carson.ca.us/content/files/pdfs/BusinessDev/demographics/Traffic\\_Count\\_Map.pdf](http://ci.carson.ca.us/content/files/pdfs/BusinessDev/demographics/Traffic_Count_Map.pdf)

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City of Pasadena Transportation Data Management System - <https://pasadena.ms2soft.com/tcds/tsearch.asp?loc=Pasadena&mod=>

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Similarweb.com

### 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

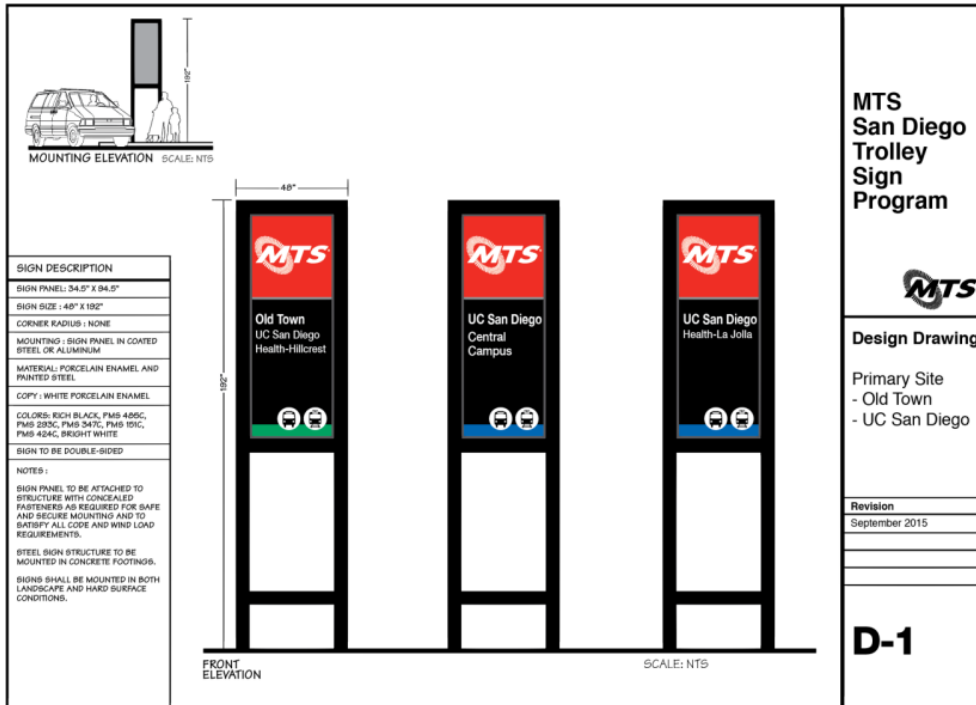


Figure 4: UC-San Diego Blue Line Timetable Branding

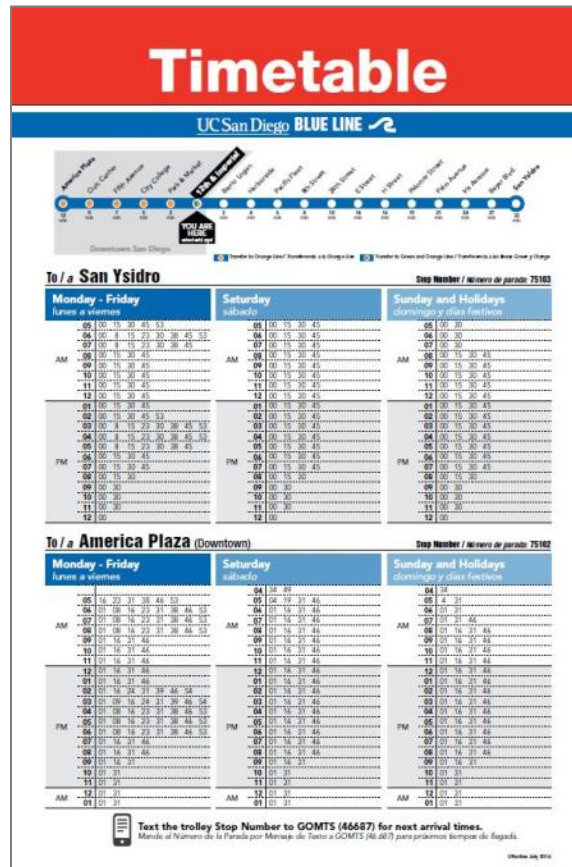


Figure 5: San Diego MTS Printed Pocket Trolley Guides – UC-San Diego Branding

**San Diego Trolley**  
**POCKET GUIDE**

UC San Diego  
Blue Line  
San Ysidro  
America Plaza  
Orange Line  
Santa Fe Depot  
Green Line  
Santee  
12th & Imperial

Effective November 2015

**Day Pass** Unlimited travel on most MTS services.

**One-way ticket** Valid for two hours from time of purchase in one direction only, allows transfers between Trolley and transfers to most Mt. Shasta, purchase a Day Pass.

**Passes de un día:** Viajes limitados en la mayoría de los servicios MTS.

**Pasaje de una sola dirección:** Válido por 2 horas a partir de compra únicamente para una dirección; permite transferidos entre las líneas de Trolley y pasados a la mayoría de los autobuses MTS, compra un pase de un día.

**Great Trolley Connections!**  
- Frequent Service  
- Longer Hours  
- Limited Stops  
- New Stations

**FARES**

Adult	Senior/Disabled/Medicare**	Child (5 and under)	Transfer
\$2.50 with Compass	\$1.25 with Compass	FREE	FREE
\$5+ with Compass	\$5+ with Compass	GRATIS	GRATIS

**Day Pass** \$12.00  
**One-way** \$2.50

\* Proof of eligibility required. \*\* Proof of eligibility required.

For more information visit: [www.sdmts.com](http://www.sdmts.com)

Check your Compass Card expiration date! Visit [511sd.com/compass](http://511sd.com/compass).

**SERVICE**

SERVICE	FREQUENCY (minutes)						
	WEEKDAYS lunes a viernes			SATURDAY sábado		SUNDAY domingo	
<b>UC San Diego Blue Line</b> America Plaza ↔ San Ysidro via National City, Chula Vista and South Bay stations.	Commuter	Midday	Evening	Day	Morning/Evening	Day	Morning/Evening
<b>Orange Line</b> Santa Fe Depot ↔ El Cajon via Downtown San Diego, Lemon Grove and La Mesa stations.	Commuter	Midday	Evening	Day	Morning/Evening	Day	Morning/Evening
<b>Green Line</b> 12th & Imperial ↔ Santee via Convention Center, Santa Fe Depot, Old Town, Mission Valley, La Mesa and El Cajon stations.	Commuter	Midday	Evening	Day	Morning/Evening	Day	Morning/Evening

\* After 8 a.m., 30 min frequency. \*\* Depend on the Trip, frequency of each 30 min.

All passengers must have a valid ticket or pass in their possession while traveling on the Trolley or in designated fare paid zones. Failure to have a valid fare may result in a court citation.

A Saturday or Sunday Trolley schedule will be operated on the following holidays and observed holidays: New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day and Thanksgiving. Christmas service: every 30 minutes throughout the day on all Trolley lines.

Todos los pasajeros deben tener un pasaje válido o pase en su posesión al viajar en el Trolley o en zonas designadas de pasaje válido. Falta de un pasaje válido podría resultar en una multa.

Se utilizará un horario de Trolley de sábado o domingo en los siguientes días festivos y días festivos de guardar: Día de Año Nuevo, Día de los presidentes, Día de la Independencia, Día del trabajo y Día de acción de gracias. Servicio navideño: cada 30 min durante el día en todas las vías del Trolley.

**compass card**

**Senior/Disabled/Medicare (S/D/M)**  
All riders using reduced fares must comply with one of the following options:

**Option 1** *Recommended by MTS*  
MTS offers a picture ID on a Compass Card that provides proof of eligibility. Available at the Transit Store.

**Option 2**  
Riders using a standard S/D/M or Youth Compass Card or a one-way ticket must carry supporting identification to prove eligibility.

For additional benefits of Option 1 and for list of valid forms of ID for Option 2 go to: [www.sdmts.com/fares\\_discounted.asp](http://www.sdmts.com/fares_discounted.asp).

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

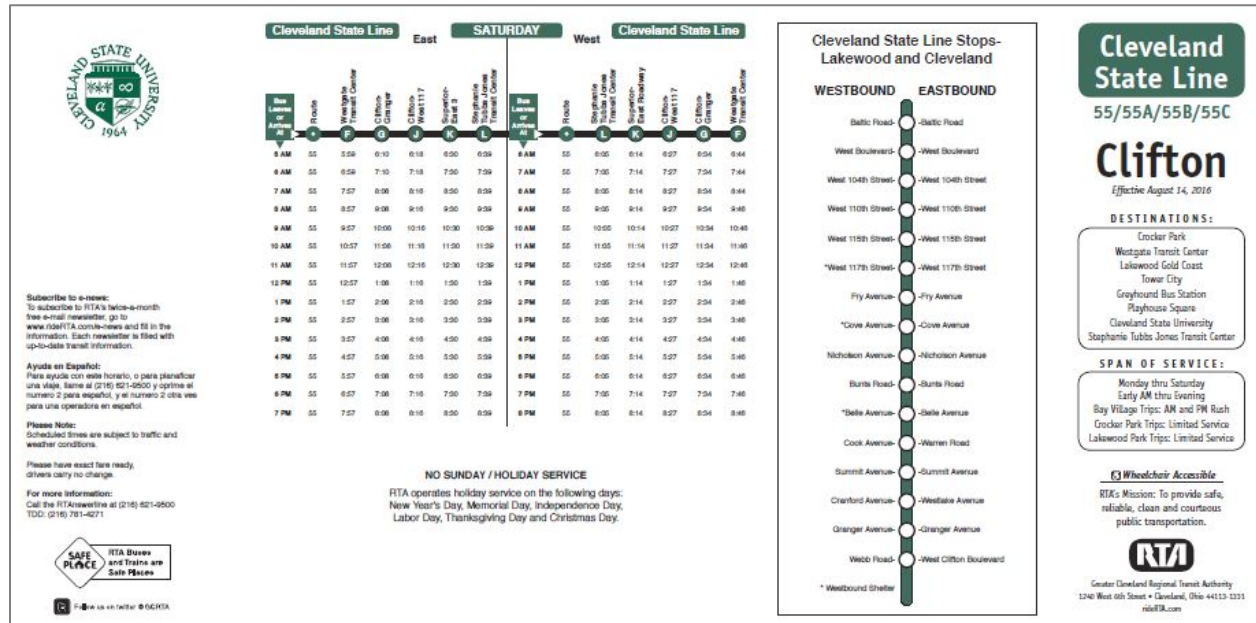


Figure 8: Cleveland State Line BRT Vehicle Branding





Figure 9: Example of Cleveland State Line Timetable Branding



### 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

**Proof of Payment**

Stations along the route have Ticket Vending Machines (TVM) where you can purchase a single ride ticket or an All-Day Pass. Please note that the TVMs do not make change. On the HealthLine, you pay your fare before you board. Fares will not be collected on the vehicle except during late night hours, or if the TVM at the station is not working. You must hold on to your ticket or pass once onboard. RTA Fare Enforcement Officers will check to see that you have a valid ticket or pass (Proof of Payment). If you don't, you'll be assessed a Violation Fare. Nonpayment of the Violation Fare will lead to criminal prosecution.

Some farecards and passes need to be activated before you board the HealthLine using activation equipment at the stations. Multi-Trip Farecards (1-Trip, 2-Trip or 5-Trip) must be activated for your current trip. The 7-Day Pass and All-Day Pass only need to be activated on the first trip. A current Monthly Pass or U-Pass does not need to be activated.

**Tips for Riding**

When crossing Euclid Avenue, always use a designated crosswalk and cross only when signaled. At the station, purchase your fare at the vending machine before the vehicle arrives. As the vehicle approaches the station, stand back from the platform edge; the HealthLine pulls up closer to the curb than a traditional bus. Please allow passengers to exit the vehicle before boarding.

**Bicycles and the HealthLine**

Ride riders on Euclid Ave. may use the designated bike lanes, both eastbound and westbound, from E. 21st Street to Stokes Blvd. Bikes are also allowed on the HealthLine vehicles. When boarding the vehicle with your bike, enter through the rear door. Stand with your bike near the articulated center of the vehicle, where it "denods." If the vehicle is full, the operator may ask you to wait for the next HealthLine to arrive.

**HealthLine** East

**SATURDAY / SUNDAY / HOLIDAY**

West **HealthLine**

Time	Public Square at Tower City	Stokes Blvd.	Stokes/Windermere Rapid Station	Stokes/Windermere Rapid Station	Stokes Blvd.	Public Square at Tower City
7:00 AM	7:00	7:05	7:10	7:15	7:20	7:25
7:15	7:15	7:20	7:25	7:30	7:35	7:40
7:30	7:30	7:35	7:40	7:45	7:50	7:55
7:45	7:45	7:50	7:55	8:00	8:05	8:10
8:00	8:00	8:05	8:10	8:15	8:20	8:25
8:15	8:15	8:20	8:25	8:30	8:35	8:40
8:30	8:30	8:35	8:40	8:45	8:50	8:55
8:45	8:45	8:50	8:55	9:00	9:05	9:10
9:00	9:00	9:05	9:10	9:15	9:20	9:25
9:15	9:15	9:20	9:25	9:30	9:35	9:40
9:30	9:30	9:35	9:40	9:45	9:50	9:55
9:45	9:45	9:50	9:55	10:00	10:05	10:10
10:00	10:00	10:05	10:10	10:15	10:20	10:25
10:15	10:15	10:20	10:25	10:30	10:35	10:40
10:30	10:30	10:35	10:40	10:45	10:50	10:55
10:45	10:45	10:50	10:55	11:00	11:05	11:10
11:00	11:00	11:05	11:10	11:15	11:20	11:25
11:15	11:15	11:20	11:25	11:30	11:35	11:40
11:30	11:30	11:35	11:40	11:45	11:50	11:55
11:45	11:45	11:50	11:55	12:00	12:05	12:10
12:00	12:00	12:05	12:10	12:15	12:20	12:25
12:15	12:15	12:20	12:25	12:30	12:35	12:40
12:30	12:30	12:35	12:40	12:45	12:50	12:55
12:45	12:45	12:50	12:55	1:00	1:05	1:10
1:10	1:10	1:15	1:20	1:25	1:30	1:35
1:15	1:15	1:20	1:25	1:30	1:35	1:40
1:20	1:20	1:25	1:30	1:35	1:40	1:45
1:25	1:25	1:30	1:35	1:40	1:45	1:50
1:30	1:30	1:35	1:40	1:45	1:50	1:55
1:35	1:35	1:40	1:45	1:50	1:55	2:00
1:40	1:40	1:45	1:50	1:55	2:00	2:05
1:45	1:45	1:50	1:55	2:00	2:05	2:10
1:50	1:50	1:55	2:00	2:05	2:10	2:15
1:55	1:55	2:00	2:05	2:10	2:15	2:20
2:00	2:00	2:05	2:10	2:15	2:20	2:25

**HealthLine Connections**

**Route 1 HealthLine Station**

- #1: E. 79th St.
- #2: Superior Ave. Stokes/Windermere Rapid Station
- #3: Stokes Blvd.
- #4: Superior Ave. Stokes/Windermere Rapid Station
- #5: Stokes Blvd.
- #6: Superior Ave. Stokes/Windermere Rapid Station
- #7: E. 106th St.
- #8: E. 106th St.
- #9: E. 106th St.
- #10: E. 106th St.
- #11: E. 106th St.
- #12: E. 106th St.
- #13: E. 106th St.
- #14: E. 106th St.
- #15: E. 106th St.
- #16: E. 106th St.
- #17: E. 106th St.
- #18: E. 106th St.
- #19: E. 106th St.
- #20: E. 106th St.
- #21: E. 106th St.
- #22: E. 106th St.
- #23: E. 106th St.
- #24: E. 106th St.
- #25: E. 106th St.
- #26: E. 106th St.
- #27: E. 106th St.
- #28: E. 106th St.
- #29: E. 106th St.
- #30: E. 106th St.
- #31: E. 106th St.
- #32: E. 106th St.
- #33: E. 106th St.
- #34: E. 106th St.
- #35: E. 106th St.
- #36: E. 106th St.
- #37: E. 106th St.
- #38: E. 106th St.
- #39: E. 106th St.
- #40: E. 106th St.
- #41: E. 106th St.
- #42: E. 106th St.
- #43: E. 106th St.
- #44: E. 106th St.
- #45: E. 106th St.
- #46: E. 106th St.
- #47: E. 106th St.
- #48: E. 106th St.
- #49: E. 106th St.
- #50: E. 106th St.

**Stops of Service:**  
24 Hours a Day, 7 Days a Week

**RTA Wheelchair Accessibility**  
RTA is committed to provide safe, reliable, clean and courteous public transportation.

**RTA**  
Greater Cleveland Regional Transit Authority  
1260 West 20th Street • Cleveland, Ohio 44113-1331 • rta@rtac.com

**HealthLine Sponsors**

Cleveland Clinic University Hospitals

Scheduled times are subject to traffic and weather conditions.

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

(PNC Bank is located at the E. 6<sup>th</sup> 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: <ul style="list-style-type: none"> <li>Sponsor recognition on TAP Cards</li> <li>Sponsor recognition on physical ticket vending machines and assets (e.g., digital screens, readers)</li> <li>Sponsor recognition on Metro website, social media accounts and mobile app (once launched)</li> </ul> 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: <ul style="list-style-type: none"> <li>• Metro Rail</li> <li>• Metro Bus</li> <li>• Stations</li> <li>• Freeway Service Patrol</li> <li>• Metro Bike Share</li> <li>• Passageway at Union Station</li> <li>• Public restrooms</li> <li>• Parking garages</li> </ul>	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	Potawatomi 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

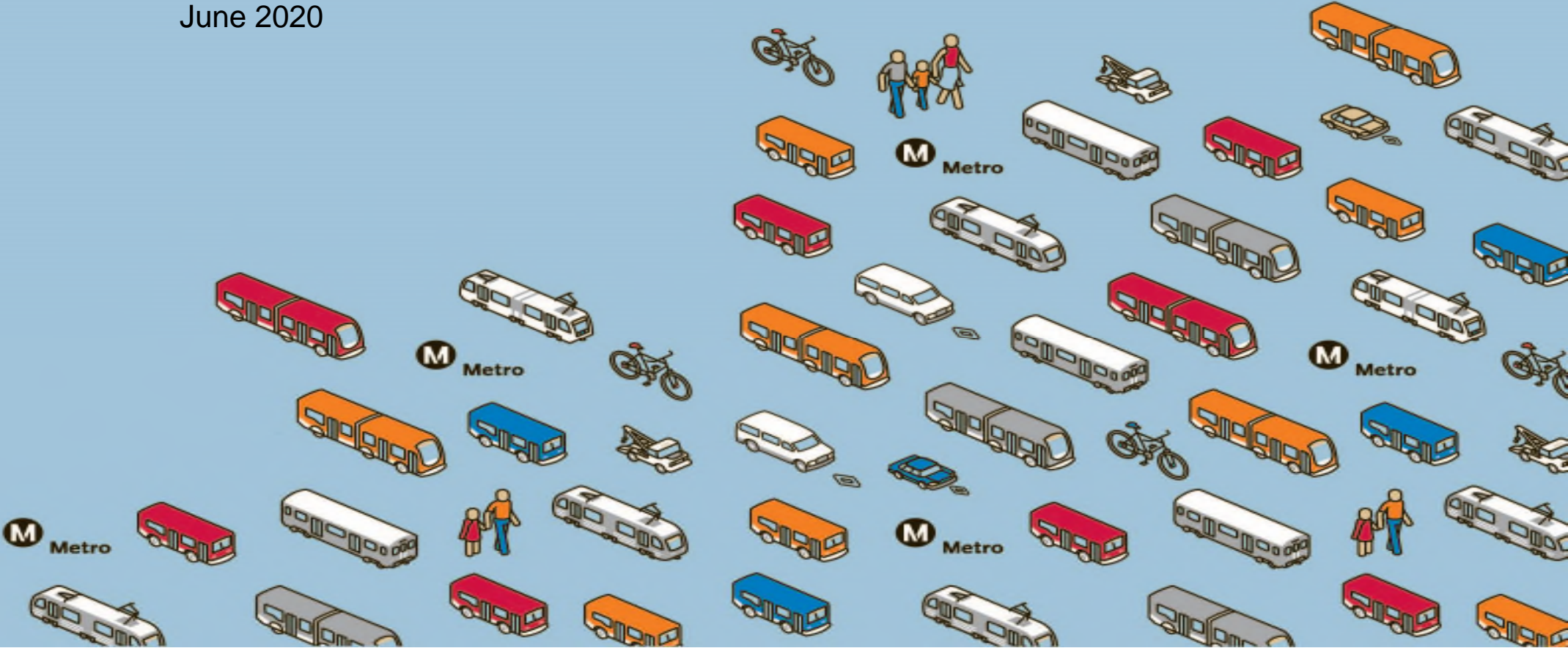
ASSET	AGENCY	SPONSOR	PRICE	START DATE	DURATION (YEARS)	AVG PRICE PER YEAR	OTHER BENEFITS/COMMENTS
Transbay Transit Center	Transbay Joint Powers Authority (San Francisco)	Salesforce	\$110,000,000	2017	25	\$4,400,000	Naming Rights include transit center and 5.4-acre rooftop park; connected to Salesforce 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	



# Office Of Inspector General – Asset Valuation Study Report

Karen Gorman, Inspector General

June 2020



Advertising and sponsorship opportunities could raise as much as \$685 mil. in revenue over the next 25 years.

# Office Of Inspector General – Asset Valuation Study Report

TAP Card Revenue Potential	
Asset	TAP Card Program
Annual Value	<b>Option A: Primary Sponsor: \$1.5 million - \$2.0 million</b> <b>Option B: Advertising Program: \$400,000 - \$750,000</b>
Terms	10 years for Primary Sponsor Four weeks for advertisers
Total Revenue Potential	<b>Primary Sponsor: \$22.5 million</b> <b>Advertising Program: \$7.5 million</b>
Target Categories	All categories: identified by size and marketing budget

Option A: Sponsorship Revenue Potential: proposes a value range of \$1.5 million to \$2.0 million per annum for Primary Sponsorship of the TAP Card program. Assuming a CPI escalator of 2.6%, could generate between \$16.9 mil. - \$22.5 mil. over a 10 years.

Option B: Advertising Revenue Potential Alternatively, proposes a value range of \$100,000 to \$125,000 per four-week advertising campaign. Assuming an estimated 4-6 campaigns per year, could generate between \$400,000 and \$750,000 per annum, or revenues of \$7.5 million over 10 years.



# Office Of Inspector General – Asset Valuation Study Report

- A** A Line (Blue)  
Downtown LA to Long Beach
  - B** B Line (Red)  
North Hollywood to Union Station
  - C** C Line (Green)  
Redondo Beach to Norwalk
  - D** D Line (Purple)  
Wilshire/Western to Union Station
  - E** E Line (Expo)  
Downtown LA to Santa Monica
  - L** L Line (Gold)  
East Los Angeles to Azusa
  -  Metro Busway
  - G** G Line (Orange)  
Chatsworth to North Hollywood
  - J** J Line (Silver)  
San Pedro to El Monte
- Street Service in Downtown LA and San Pedro

## Naming Rights and Corporate Sponsorship Revenue Potential

Rail and Bus Lines	Value Per Annum		Total Over Term (25 years)	
	Low	High	Low	High
<b>Metro Line</b>				
A Line (Blue)	\$750,000	\$1,250,000	\$25,952,758	\$43,254,597
Red Line	\$1,000,000	\$1,750,000	\$34,603,677	\$60,556,435
Green Line	\$2,000,000	\$2,750,000	\$69,207,355	\$95,160,113
Gold Line	\$1,000,000	\$1,750,000	\$34,603,677	\$60,556,435
Purple Line	\$500,000	\$1,000,000	\$17,301,839	\$34,603,677
E Line (Expo)	\$750,000	\$1,250,000	\$25,952,758	\$43,254,597
Orange Line	\$500,000	\$1,000,000	\$17,301,839	\$34,603,677
Silver 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
<b>TOTALS</b>	<b>\$7,400,000</b>	<b>\$12,550,000</b>	<b>\$256,067,212</b>	<b>\$434,276,151</b>



# Office Of Inspector General – Asset Valuation Study Report

Major Rail and Bus Stations	Value Per Annum		Total Over Term (10 years)	
	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
<b>TOTALS</b>	<b>\$2,250,000</b>	<b>\$3,500,000</b>	<b>\$25,323,589</b>	<b>\$39,392,250</b>



# Office Of Inspector General – Asset Valuation Study Report

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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: Stations Near Major Roadways	\$100,000	\$1,125,493	24	\$27,011,832
Tier 3: Stations Near Smaller Roadways	\$50,000	\$562,746	70	\$39,392,220
<b>TOTALS</b>	<b>\$400,000</b>	<b>\$4,501,971</b>	<b>115</b>	<b>\$125,492,424</b>



# Office Of Inspector General – Asset Valuation Study Report

Other Metro Assets	Value Per Annum		Total Over Term (10 years)	
	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	\$11,254,829
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
Inwindale 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
<b>TOTALS</b>	<b>\$3,525,000</b>	<b>\$5,850,000</b>	<b>\$39,673,623</b>	<b>\$65,841,333</b>



# Office Of Inspector General – Asset Valuation Study Report

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## Conclusions and Recommendations

### 1. TAP Card Advertising and Primary Sponsorship Options:

*Sponsorship of the TAP card program is the recommended approach to monetization of the assets over TAP card advertising. (The OIG believes that both are possible)*

### 2. Naming Rights and Corporate Sponsorships

There is a large number of potential naming rights and sponsorship opportunities.

Priority Opportunities include:

**First Tier:** i. Metro Rail Lines; ii. Metro Bus Lines; iii. Freeway Service Patrol; iv. Metro Stations; & v. Metro Bike Share.

**Second Tier:** i. Passageway at Union Station; ii. Public Restrooms; & iii. Parking Garages.





# Office Of Inspector General – Asset Valuation Study Report

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## Other Opportunities:

- Public Toilets
- Freeway Service Patrol
- Bike Share
- Fare Media Wearables

## Terms & Conditions

Termination rights for Metro include:

- conduct by sponsor that reflects poorly on Metro's reputation
- changes in circumstances



# Office Of Inspector General – Asset Valuation Study Report

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## Next Steps:

- A. The OIG will submit the consultant’s report at the June Board meeting.
- B. Management will decide if it wants to propose a program.
- C. Any program proposed by management should take into consideration:
  - 1. the OIG report,
  - 2. the Agency’s values,
  - 3. “Covid-19 era values,”
  - 4. the Board’s stated concerns about such a program,
  - 5. “character scandal” out clauses & other terms that positively reflect Metro’s ethics,
  - 6. revenue potential of the assets,
  - 7. expenses associated with the program,
  - 8. staff time associated with the program, and
  - 9. ridership recovery.



**OVERALL SYSTEM - GENERAL COMMENTS**

**ATTACHMENT B**

Please provide comments, concerns on the overall Corporate Sponsorship program, policy, process, etc for collaboration.

Concern (-)	Feedback (+)	Metro Department	Department Stakeholder
A new policy with considerations to Vision 2028, and Metro's Equity Platform is required to execute a responsible sponsorship program.	A corporate sponsorship program may generate an estimated \$665M for the agency long-term (over 25 years). This would be free-and-clear funds the agency may use towards station/stop maintenance, improvements, and other programs.	Marketing	Lan-Chi Lam
<ul style="list-style-type: none"> <li>Bus and Train wraps. Customers have complained that the wraps that cover windows are a hazard. The wraps prevent people about to board a train or bus from seeing clearly whether there is a hazard inside. The concern with the vehicle wraps for customers has traditionally been that the wrap does not prevent them from seeing from inside the vehicle out. Looking into the vehicle from the platform has never been an issue. Note before wraps are placed, the joint Committee reviews the design for any obvious concerns.</li> </ul>		Operations	Diane Corral-Lopez
<ul style="list-style-type: none"> <li>Vehicle Interior Automatic Announcement Systems (AAS). There are a number of operational challenges with using the bus and train interior announcement systems for advertising:                             <ul style="list-style-type: none"> <li>We have approximately 2400 buses and 400 rail cars. We would need sufficient infrastructure at all the divisions to permit the uploading of new messages; otherwise this will have to be done manually at significant cost and effort.</li> <li>The buses and rail cars have various types of interior AAS equipment. Unless the input is standardized across all the systems, it will be an operational challenge to develop various updates to upload across all vehicle types.</li> </ul> </li> </ul>		Operations	Diane Corral-Lopez
	Metro should explore every revenue generating opportunity. May also want to consider other forms of advertisements for non-revenue vehicles and along the right-of-way where applicable.	Operations	Diane Corral-Lopez
When considering changes to station or line names, Metro needs to ensure that the legibility of the system be maintained or improved through any potential sponsorship per Metro Vision 2028 Goal 2.2: "Metro is committed to improving legibility, ease of use, and trip information on the transit system."	As an example, agencies such as TfL have demonstrated a broad menu of temporary and longer-term creative sponsorship strategies that have been organized to protect brand integrity and navigation tools throughout the system. Link: <a href="https://tfl.gov.uk/info-for/business-and-commercial/commercial-opportunities/commercial-partnership-opportunities">https://tfl.gov.uk/info-for/business-and-commercial/commercial-opportunities/commercial-partnership-opportunities</a>   Arts & Design	Arts & Design	Maya Emsden
To ensure that Metro is pursuing the best possible partnerships and maintains transparency with the public, the value of sponsorship opportunities should be evaluated based on real terms, net of any agency costs, including labor/administration costs. A cost/benefit analysis should be included in evaluation criteria.		Arts & Design	Maya Emsden
	Arts & Design should be added to list of owners/stakeholders of assets that are developed and managed by unit (e.g., public art, fleet, signage)	Arts & Design	Maya Emsden

Parking kiosk and parking ticket advertising (all park and ride stations except for Union Station)	Parking kioks have solar panels on top and on the sides which need to remain free of wrapping and obstructions to power the kiosks. The kiosks only dispense parking receipts upon request. Parking tickets are not issued.	Parking Management	Stacie Endler

## LINES - RAIL AND BUS

Please provide comments, concerns on the specific rail and bus lines in considering a sponsorship program

Asset / Program	Asset / Program Owner	Concern (-)	Feedback (+)	Metro Department	Department Stakeholder
A Line (Blue)	Rail Operations				
B Line (Red)	Rail Operations				
C Line (Green)	Rail Operations		The C Line is valuated at a high rate due to the various large companies along the route including aerospace, LAX support, LA Lakers, etc.	Marketing	Lan-Chi Lam
D Line (Purple)	Rail Operations				
E Line (Expo)	Rail Operations				
G Line (Orange)	Bus Operations				
J Line (Silver)	Bus Operations				
L Line (Gold)	Rail Operations				
Dodgers Express	Bus Operations				
SoFi Stadium Express	Bus Operations				
BRT Lines	Bus Operations				
All Bus Lines	Bus Operations				

## ADDITIONAL ASSETS AND PROGRAMS

Please provide comments, concerns on additional assets and programs in considering a sponsorship program

Asset / Program	Asset / Program Owner	Concern (-)	Feedback (+)	Metro Department	Department Stakeholder
FREEWAY SERVICE PATROL	Congestion Reduction				
			FSP vehicles are seen by thousands of motorists each day while they rove LA County freeways during the peak commuting periods.	Congestion Reduction	John Takahashi
			Placards to display advertising media may be applied to the sides of the pylon on each truck. The pylon is the large metal bracket where the amber/red light bar is mounted on top of the truck.	Congestion Reduction	John Takahashi
		FSP vehicles have limited space to display advertising after program identifying decals are afixed. By law, these vehicles are required to display (3" lettering) company name, address, phone number, and CA number.		Congestion Reduction	John Takahashi
		FSP vehicles are owned and operated by tow service providers located throughout the county. Will the application of advertising media be done at these locations?		Congestion Reduction	John Takahashi
		FSP trucks experience body damage due to the type of services it performs. It is expected that any media applied to these trucks will also be damaged over time. A media replacement program should also be in place to address this concern.		Congestion Reduction	John Takahashi
		The FSP program is a statewide congestion mitigation program that provides assistance to motorists through a partnership between Metro, CHP, & Caltrans. Currently FSP programs statewide have adopted Metro's decal guidelines. Although this is not a requirement for the other programs, the intent was to provide motorists a visual seamless transition of FSP from county to county. Any changes to the current decal configuration or truck paint color, as a courtesy, should be communicated to our partner agencies CHP & Caltrans before implementation.		Congestion Reduction	John Takahashi
			We are supportive of the concept and in the past, have had discussions around corporate sponsorship of the FSP program with other FSP operators in California. As John Takahashi indicated, we have to be mindful of the FSP related restrictions as we move forward. We can definitely use the funding as costs continue to rise and there is a local match requirement. Thanks for reaching out.	Congestion Reduction	Shahrzad Amiri
METRO BIKESHARE	Countywide Planning				
			It would be ideal to plan/schedule a sponsorship partnership to key program expansion - more cities, more neighborhoods, more bikes, more docks, etc	Marketing	Lan-Chi Lam
PUBLIC RESTROOMS					

PARKING STRUCTURES	Countywide Planning				
Sierra Madre Villa Parking	Countywide Planning				
Atlantic Parking	Countywide Planning				
Irwindale Parking	Countywide Planning				
APU/Citrus Parking	Countywide Planning				
Arcadia Parking	Countywide Planning				
La Cienega/Jefferson Parking	Countywide Planning				
Monrovia Parking	Countywide Planning				
Willow Parking	Countywide Planning				
Expo/Sepulveda Parking	Countywide Planning				

It's only a crazy dream until you do it.

ATTACHMENT C



## ADVERTISING & COMMERCIAL SPONSORSHIP UPDATE

Executive Management Committee  
August 20, 2020  
File #2020-0456

Revenue Generation / Marketing  
Lan-Chi Lam, Director of Revenue Generation  
Direct: 213.922.2349



It's only a crazy dream until you do it.

## **IN RESPONSE TO**

- COVID 19 Call to Action - Call to increase system-generated revenues
- Office Inspector General's Asset Valuation Report - Estimating \$665M sponsorship business opportunities

## **COMMERCIAL SPONSORSHIP UPDATE**

- Status of Policy Development, Business Program, and Rollout Timeline

## **ADDITIONAL ADVERTISING OPTIONS**

1. Alcohol and Cannabis
2. Digital Exterior Bus Ads

**No Board action is warranted with this Receive & File.**

**However, staff is seeking Board feedback and will return with policy, program, or contract changes as directed.**

# Commercial Sponsorship

## POLICY DEVELOPMENT

- **Draft policy has been written**

Marketing staff have been working directly with stakeholder departments on policy input & development; addressing conflicts and concerns

- **Will serve as a stand-alone policy**

But work in concert with existing Property Naming Policy and System Advertising Policy

- **All agency assets and programs are eligible**

Assets and programs *on-the-table* for consideration including Bus and Rail Lines, Stations, Programs, Shuttles, etc

- **New business program**

Developing: Proposal process, Review Committee, Contract support, Labor support, Funds distribution



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# Commercial Sponsorship

## POLICY KEY STRUCTURE

- **Defining agency assets**  
Facilities, Services, Programs, Amenities, Events
- **Defining sponsorship terms**  
Temporary, Short-term, and Long-term
- **Eligibility and Criteria**  
Business / financial standings, Proposal evaluation
- **Sponsor Responsibilities**  
Financial costs and social/community inclusion
- **Guidelines for system integration**  
System legibility, customer ease of use, logistics

**Corporate  
Sponsorship  
Policy**

**Agency  
Asset List**

# Commercial Sponsorship

## TIMELINE / SCHEDULE

FY20											
JUL 2019	AUG 2019	SEPT 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APRIL 2020	MAY 2020	JUNE 2020
										COVID Call to Action	Asset Value Report

FY21											
JUL 2020	AUG 2020	SEPT 2020	OCT 2020	NOV 2020	DEC 2020	JAN 2021	FEB 2021	MAR 2021	APRIL 2021	MAY 2021	JUNE 2021
	CS Update	CS: Program rollout to revenue operations (Policy, Contracts, Support)				Advertising Update (MAG, Revenue share)					

- Policy may be ready for Board review/approval as early as SEPT/OCT
- Explore modifying current Advertising contracts to expedite revenue operations

- Provide Board with update on state of advertising business due to COVID-19
- Review temporary Revenue Share option or return MAG payments

# Additional Advertising Options

## 1. ALCOHOL AND CANNABIS

- **TACTICS** – Metro currently employs all advertising techniques: ads on bus & rail fleet, ads in the stations, station take-overs, and going digital.
- **CONTENT** – National survey, these transit agencies currently permit alcohol
  - MTA, CTA, DART, NJT, MARTA, MBTA, Metro Transit Minneapolis, Miami-Dade, SEPTA, and WMATA
  - SFMTA allows drink responsible messaging only
- MARTA permits cannabis advertising
- Both items are prohibited under the current System Advertising Policy (COM 6) and would require revisions for this allowance.
  - Staff seeking Board feedback and will return with industry regulation, restrictions, and policy information as directed

# Additional Advertising Options

## 1. ALCOHOL AND CANNABIS

### Estimated annual sales and earns

	<b>ALCOHOL</b>
Bus	\$1,000,000 – \$1,500,000
Rail	\$450,000 – \$600,000

	<b>CANNABIS</b>
Bus	\$300,000
Rail	\$300,000 – \$400,000

Total Sales \$2,050,000 – \$2,500,000

**Metro Payments \$1,127,500 – \$1,375,000**  
*(55% revenue share)*



# Additional Advertising Options

## 2. DIGITAL EXTERIOR BUS ADS

- **FEASIBILITY PILOT** – Outfront can install 1 digital screen on bus exterior
  - Demonstrate equipment and logistics feasibility
  - Proof of content for the advertising market
- Upon pilot completion and outcome
  - Outfront can *digitize* 100 buses (with bus fleet oversight)
  - Outfront bares cost of equipment, installation, and maintenance
- Industry survey: Transport for London employs digital exterior bus ads
- Staff seeking Board feedback and will return with state regulation, restrictions, and policy information as directed

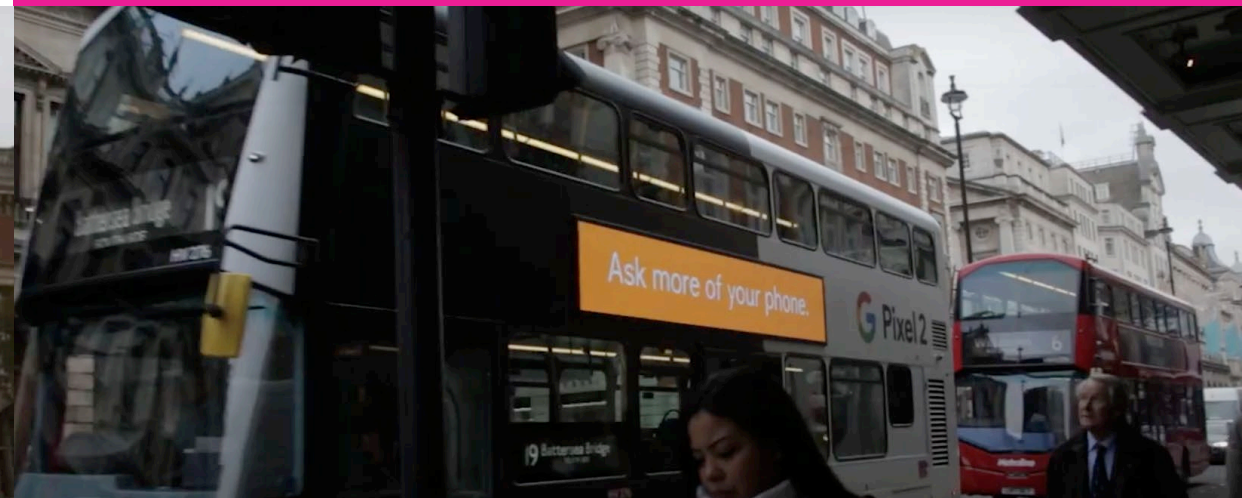
# Additional Advertising Options

## 2. DIGITAL EXTERIOR BUS ADS

### Estimated annual earns

	<b>STATIC</b>	<b>DIGITAL</b>
Bus x 1	\$15,000	\$90,000 – \$135,000 (6x – 9x of static earn)
Buses x 100	\$1,500,000	

**\$9,000,000 - \$13,500,000**  
**Metro Payments (55% revenue share)**





It's only a crazy dream until you do it.

ATTACHMENT C



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Executive Management Committee  
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# Commercial Sponsorship

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	<b>CANNABIS</b>
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Rail	\$300,000 – \$400,000

Total Sales \$2,050,000 – \$2,500,000

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*(55% revenue share)*



# Additional Advertising Options

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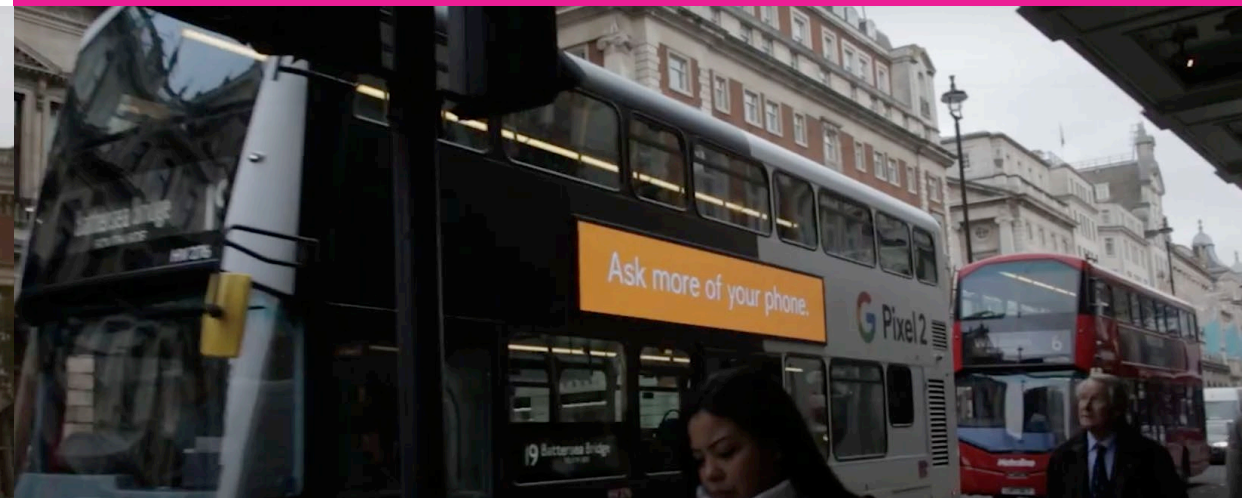
# Additional Advertising Options

## 2. DIGITAL EXTERIOR BUS ADS

### Estimated annual earns

	<b>STATIC</b>	<b>DIGITAL</b>
Bus x 1	\$15,000	\$90,000 – \$135,000 (6x – 9x of static earn)
Buses x 100	\$1,500,000	

**\$9,000,000 - \$13,500,000**  
**Metro Payments (55% revenue share)**





## Board Report

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File #: 2020-0470, File Type: Program

Agenda Number: 44.

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### EXECUTIVE MANAGEMENT COMMITTEE AUGUST 20, 2020

**SUBJECT: VOLUNTARY SEPARATION INCENTIVE PROGRAM**

**ACTION: APPROVE ADDITIONAL OPTIONAL BENEFIT FOR EMPLOYEES**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to implement a Voluntary Separation Incentive Program (VSIP) that offers an enhanced additional benefit that provides cash payments of up to \$7,500, and an additional two years of retirement service credit, to eligible Non-Contract, AFSCME and Teamsters represented employees who voluntarily agree to separate or retire from Metro within a pre-designated retirement period. Metro Board approval is required in order to provide any additional or enhanced benefit to employees.

#### **ISSUE**

The COVID-19 pandemic has fundamentally disrupted the very fabric of our community. Health concerns, and mandated efforts to stop the spread of the disease including stay-at-home orders, nonessential business closures, and working from home, have led to a substantial decline in Metro's overall ridership and revenue. Current estimates project a \$1.8 Billion-dollar loss in revenue, with a slow recovery of ridership levels for the next two fiscal years.

#### **BACKGROUND**

Metro remains committed to the priorities of allocating resources to maintain ample supplies of personal protective equipment, the preservation of jobs, ensuring the safety of our riders, and improve operational efficiency while continuing to adjust our operations and service levels to reflect the on-street reality of less demand for public transit.

Metro's response to the pandemic to date includes a substantial reduction in both bus and rail service, the closure of Bus Division 10, the agency wide reduction of overtime costs, and a hiring freeze. Offering a voluntary separation incentive program will give Metro more flexibility to restructure operations, reduce personnel costs, open career pathways for emerging leaders, and better address diversity goals without the need for involuntary layoffs of our workforce.

## **DISCUSSION**

Below are the Program Guidelines and the Key Terms of the VSIP Program:

### **Eligibility**

All permanent employees are eligible to participate in the program. This includes employees currently on a medical or administrative leave. Part-time employees would receive a pro rata amount of the lump sum cash benefits offered. There are two components to this program, 1) employees who are not eligible to retire would receive the lump sum cash payment, and 2) employees eligible to retire would receive the lump sum cash payment and 2 years of pension service credit.

### **Cash Benefits**

Employees accepted into the program will receive the following cash benefits:

<b>Years of Service</b>	<b>Lump Sum Payment</b>
One year, but less than Two years	\$1,000
Two Years but less than Three years	\$2,000
Three Years, but less than Four Years	\$3,000
Four Years but less than Five Years	\$4,000
Five years, but less than Ten Years	\$5,000
Ten or more Years	\$7,500

Employees may elect to transfer this cash benefit to a 401(k) or 457 deferred compensation plan, within the maximum contribution limits established by law. If paid directly to the employee, the cash benefit will be subject to withholding taxes.

### **Service Credit**

Employees who are vested members of CalPERS and eligible to retire (five or more years working for any CalPERS covered employer), Metro's Non-Contract Employees Retirement Income Plan (includes Teamsters), or the AFSCME Retirement Income Plan, will receive an additional two years of service credit. Employees currently enrolled in the Deferred Retirement Option Plan (D.R.O.P.) are not eligible for additional service credit (as they have already retired from the Retirement Income Plan), but they are eligible to receive the cash incentive.

### **Additional Program Rules**

Employees with less than five years' service with Metro who sign a VSIP separation agreement and receive the cash incentive will be ineligible to reapply to Metro for two (2) fiscal years.

Employees who retire from CalPERS and receive the two years additional service credit benefit will lose the additional two years' service credit if they receive unemployment benefits or apply for reinstatement from retirement. We propose the same conditions will be applied to the Non-Contract and AFSCME Retirement Income Plans.

Employees may take vacation of up to 30 days prior to the effective date of their retirement.

Human Resources Policy 11 states that employees who retire between the ages of 50 and 65 with five or more years of service are eligible for continued enrollment in Metro's medical and dental plans if they immediately retire and were already enrolled in Metro's plan at the time of retirement. Savings will be realized in this area as retirees with less than 25 years of service contribute an additional 4% of plan premium for each year less than 25 years of service.

#### Enrollment

Interested employees must submit a request for VSIP benefits within a specified period not to exceed 60 days from the date of the announcement of the VSIP. If the VSIP does not attract enough interest to meet Metro's goals in establishing the VSIP, Metro may choose to not implement.

### **DETERMINATION OF SAFETY IMPACT**

Approval of the additional optional benefit will not have any adverse safety impacts on Metro's employees or patrons.

### **FINANCIAL IMPACT**

The financial impact of the VSIP is determined by the number of participants who enroll in the program and the number of positions that are eliminated.

#### Personnel Cost Reductions and Savings

For each of the past three years, an average of 76 Non-Contract, AFSCME and Teamster employees have retired from Metro. There are 2,537 employees eligible for the VSIP program, of which approximately 1,126 are eligible to retire.. If savings are calculated assuming 15% of the participants are retired or separated at the end of the designated retirement period, Metro will incentivize 169 employees to retire through the VSIP. The program will begin returning a significant financial benefit within 30 days after the program is fully implemented and has a projected salary savings of \$85,033,341 over the next 5 years. Projected savings scenarios and the cost benefit analysis is shown on Attachment A.

The CEO's directives to Senior Leadership will include a mandate that at least 50% of the positions vacated due to the VSIP will be permanently eliminated. The remaining 50% of the vacated positions will be pooled together and restructured into entry level positions. This restructuring will support Metro's goals of increasing promotional and learning opportunities for mid-level managers and career pathways for its qualified interns and trainees. In addition, when higher salaried long-term positions are replaced with lower salaried entry level positions, Metro achieves additional structural pension cost savings. Retirees hired before January 1, 2013 are "classic" members of CalPERS and do not contribute to any portion of the cost of their pensions, however, any staff hired after 2013 who are new members to CalPERS must contribute a portion of the costs of their pension due to the California pension reform legislation (PEPRA) enacted in 2012.

#### VSIP Costs

The cost of the VSIP is paid through an increase in Metro's contribution rate for the retirement plans starting two fiscal years after the designated VSIP enrollment period. For the CalPERS plan, interest accrues on the cost commencing with the fiscal year after the end of the designated period. The increased cost is estimated to be between 0.23% and 1.01%, calculated based upon the costs of each individual employee who accepts the additional benefit. The cost to the Retirement Income Plans will be based on an annual actuarial valuation and is expected to be minimal due to the small number of members remaining in the plans.

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

The recommendation supports strategic plan goal #5: To provide responsive, accountable, and trustworthy guidance within the Metro Organization, Initiatives 5.2: Metro will exercise good public policy judgment and sound fiscal stewardship, and 5.4: Metro will apply prudent commercial business practices to create a more effective agency. By approving this recommendation, Metro will have additional options and flexibility to restructure the workforce as the agency recovers from the effects of the pandemic.

#### **Workplace Impact**

Departments will be required to submit a reorganization plan that anticipates vacancies made by VSIP will remain vacant or be underfilled.

The reorganizational plan will include a toolkit and guidelines to help departments determine how to address their organizational structure. The plan will focus on maximizing the remaining workforce to address the department's mission, goals and workload. The tool and guidelines will assist the department with identifying the duties of the vacated positions and how that work can be best distributed across the department.

To ensure Metro does not lose institutional knowledge when employees retire or separate from the agency, Metro's Talent Development department has created a Transfer of Knowledge Program. The program is designed to facilitate collaboration between the retiring employee and the department through dialogue and information sharing prior to the retiring employee's retirement or separation date. In addition, employees who retire through CalPERS may work up to 960 hours in a fiscal year without jeopardizing their retirement benefits.

### **ALTERNATIVES CONSIDERED**

The Board may choose not to approve the additional optional benefit; however, this alternative is not recommended as it will not support Metro's goals of increasing promotional and learning opportunities for mid-level managers and career pathways for its qualified interns and trainees.

### **NEXT STEPS**

Upon Metro's Board approval of the VSIP, staff will present a modified CalPERS contract to the Public Transportation Services Corporation Board of Directors for Approval. The modified contract proposal must be made public for review and comment for at least two weeks prior to its approval. The PTSC Board will then vote to formally approve the amended CalPERS agreement following the

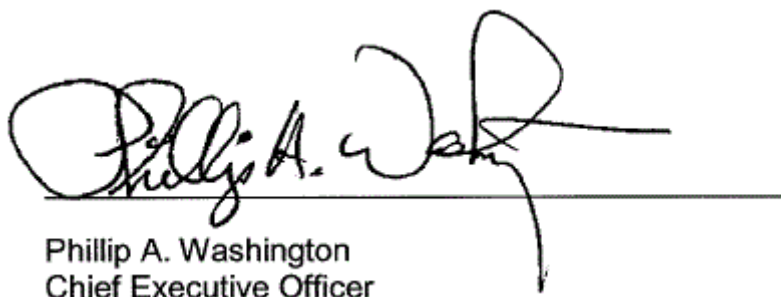
two-week review and comment period. Amendments to the Retirement Income Plans will be presented to the respective Plan's Trustees for approval. Once approved, we anticipate the VSIP enrollment period to begin in October 2020.

## **ATTACHMENTS**

Attachment A - VSIP Program Estimated Cost Analysis

Prepared by: Teyanna Williams, Executive Officer, Labor and Employee Services  
(213) 922-5580

Reviewed by: Joanne Peterson, Chief Human Capital & Development Officer  
(213) 418-3088



Phillip A. Washington  
Chief Executive Officer

### Estimated CalPERS Contribution and Salary Savings Analysis

		At a 5% Participation (56 Employees)	At a 10% Participation (113 Employees)	At a 15% Participation (169 Employees)	At a 20% Participation (225 Employees)	At a 22% Participation (250 Employees)
<b>FY20 CalPERS Payments</b>		<b>CalPERS Contribution Rate Increase .23%</b>	<b>CalPERS Contribution Rate Increase .46%</b>	<b>CalPERS Contribution Rate Increase .69%</b>	<b>CalPERS Contribution Rate Increase .92%</b>	<b>CalPERS Contribution Rate Increase 1.01%</b>
PEPRA	\$17,724,556					
CLASSIC	\$21,984,588					
<b>ANNUAL TOTAL</b>	<b>\$39,709,144</b>	<b>\$91,331</b>	<b>\$182,662</b>	<b>\$273,993</b>	<b>\$365,324</b>	<b>\$401,062</b>
<b>5 YEAR TOTAL</b>		<b>\$456,655</b>	<b>\$913,310</b>	<b>\$1,369,965</b>	<b>\$1,826,621</b>	<b>\$2,005,312</b>
<b>Salary Savings</b>						
<b>ANNUAL TOTAL</b>		<b>\$5,744,439</b>	<b>\$11,536,222</b>	<b>\$17,280,661</b>	<b>\$23,025,100</b>	<b>\$25,644,817</b>
<b>5 YEAR TOTAL</b>		<b>\$28,722,195</b>	<b>\$57,681,111</b>	<b>\$86,403,306</b>	<b>\$115,125,502</b>	<b>\$128,224,087</b>
<b>5 YEAR COST BENEFIT ANALYSIS</b>						
<b>5 YEAR TOTAL SALARY SAVINGS</b>		<b>\$28,722,195</b>	<b>\$57,681,111</b>	<b>\$86,403,306</b>	<b>\$115,125,502</b>	<b>\$128,224,087</b>
<b>5 YEAR TOTAL CONTRIBUTION PAYMENTS</b>		<b>\$456,655</b>	<b>\$913,310</b>	<b>\$1,369,965</b>	<b>\$1,826,621</b>	<b>\$2,005,312</b>
<b>5 YEAR TOTAL SAVINGS</b>		<b>\$28,265,540</b>	<b>\$56,767,801</b>	<b>\$85,033,341</b>	<b>\$113,298,881</b>	<b>\$126,218,775</b>

**This program will begin returning significant financial benefits 30 days after the program is fully implemented**

**Notes:**

*Contribution Rate was calculated based off instructions from CalPers*

*CalPers actual contributions for FY20*

*Salary Savings are assuming that 50% of positions will not be reinstated and the remaining 50% will be underfilled at the entry level for career pathway opportunities*

*Salary Savings include the one-time lump sum*



*Item #44*

Voluntary Separation Incentive Program (VSIP)

*August 27, 2020*



# What is VSIP?

- > An enhanced benefit for employees in 3 workgroups:  
Non-contract, AFSCME and Teamsters
  - Provide one-time payment of up to \$7,500 to all employees who separate during a defined time period
  - Provide an additional 2 years of service credit to eligible retirees

# Benefits

- > Generates a reduction in overall Personnel Costs by eliminating/underfilling positions
- > Underfilled positions can be redirected to focus on various priorities, changing needs, or strategic objectives
- > Provides Opportunities to **Advance Career Pathways**
  - Realize return on investment in workforce development over the past 5 years
  - Current practice of Internal hires – 56%
  - Limited Entry Level Positions – currently 16% of the workforce

# Estimated Net Costs and Savings



Summary of Program Savings Over 5 Years	Participation				
	5%	10%	15%	20%	22%
<b>Cost</b>					
One Time Incentive Payment	\$ 350,000	\$ 706,250	\$ 1,056,250	\$ 1,406,250	\$ 1,562,500
Contribution Rate for Service Credit	\$ 456,655	\$ 913,310	\$ 1,369,965	\$ 1,826,621	\$ 2,005,312
<b>Total</b>	<b>\$ 806,655</b>	<b>\$ 1,619,560</b>	<b>\$ 2,426,215</b>	<b>\$ 3,232,871</b>	<b>\$ 3,567,812</b>
<b>Savings</b>					
Salary of 50% Retirees	\$ 23,444,450	\$ 46,888,905	\$ 70,333,350	\$ 93,777,805	\$ 104,662,730
Conversion of Sr to Jr Staff	\$ 5,279,685	\$ 10,796,122	\$ 16,075,812	\$ 21,355,493	\$ 23,570,019
Conversion of Classic to PEPRA	\$ 348,060	\$ 702,335	\$ 1,050,394	\$ 1,398,454	\$ 1,553,838
<b>Total</b>	<b>\$ 29,072,195</b>	<b>\$ 58,387,361</b>	<b>\$ 87,459,556</b>	<b>\$ 116,531,752</b>	<b>\$ 129,786,587</b>
<b>Net Savings</b>	<b>\$ 28,265,540</b>	<b>\$ 56,767,801</b>	<b>\$ 85,033,341</b>	<b>\$ 113,298,881</b>	<b>\$ 126,218,775</b>

# What are our peers doing?

- > 46 agencies have submitted applications to CalPERS
- > City of Los Angeles
  - 2% x years of service x Maximum Annual Salary with cap of \$80,000
- > City of Ventura
  - \$10,000 plus .5% x years of service
- > City of Santa Monica
  - 5 to 10 years of service – \$5,000 plus 18 months of medical benefits
  - 10+ years of service – \$10,000 plus 18 months of medical benefits



## Board Report

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File #: 2020-0471, File Type: Motion / Motion Response

Agenda Number: 45.

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### EXECUTIVE MANAGEMENT COMMITTEE AUGUST 20, 2020

**SUBJECT: REPORT ON MOTION TO “UPLIFT THE HUMAN SPIRIT THROUGH METRO ART”**  
**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE a report and approach to “Uplift the Human Spirit Through Metro Art” in response to the June 2020 Board motion (Attachment A).

#### **ISSUE**

At their June 2020 meeting, in a motion titled “Uplifting the Human Spirit Through Metro Art”, the Board directed staff to return with a report on how Metro can a) Integrate Metro Art programs into our trains, busses; b) Champion artistic experimentation including provocative works that are responsive to the issues and concerns of our time; and c) Think about how artists might be included in the Reimagining of transportation. This report provides the requested response.

#### **BACKGROUND**

As the Board discussed during the June 2020 Board meeting, we are currently in the midst of a pandemic and a civil rights movement. Metro staff were asked to leverage the arts as a way to bring people together in ways that are inspiring, welcoming, and add humanity to our public spaces and to strategically implement arts programming to balance Metro safety and recovery messaging, mitigate anxieties, and to reimagine the future of transportation in our region.

Metro has incorporated a small percentage (Attachment B) of transit construction costs to the integration of art into capital projects since the 1980s. The agency has received recognition for the Metro Art program’s interdisciplinary approach, broad range of artists commissioned and community engagement in the process. Strong support has been demonstrated by funding awarded by federal, state and local sources as well as the respect and care given the works by the public. Over half of the artists Metro Art has commissioned are artists of color.

#### **DISCUSSION**

The Board motion asks Metro to consider ways in which the arts might play a role that goes beyond

transit infrastructure.

Periodically, and when resources and space are made available, Metro Art has exhibited artwork in unused advertising spaces throughout the system, including the fleet. Examples have included Poetry in Motion, Through the Eyes of Artists neighborhood posters, More People Than You Know portrait series, and Art on TAP. Metro Art Presents and the experimental MetroLab series have provided opportunities for musicians, dancers, poets and other arts and cultural practitioners to connect with communities and to cultivate ridership. These programs have been effective additional ways to commission local artists to create works that are both relevant and responsive.

To address the Board motion in the immediate term we will work to reprioritize available resources to quickly and effectively integrate arts and culture into current agency Transit Operations and Recovery plans.

Immediate initiatives to be implemented in the next six months might include:

1. Champion artistic expression of local visual artists through posters within Metro's allocation of advertising spaces, including on buses and trains, when/where space is available
2. Partner with community based cultural organizations to interpret and document this pivotal moment
3. Curate cultural programming to foster connections with the public, and
4. Commission local artists to creatively convey 'new manners', safety messaging and mobility stories to surprise and delight riders

One additional full-time contingent staff will be necessary to explore external funding opportunities, write grant proposals and develop, manage, conduct outreach, document and communicate about these pilot initiatives. Current staff are at capacity as a result of significantly increased transit infrastructure project delivery schedules.

Moving forward, these pilot projects will inform an updated Metro Art policy that will formalize the role of the arts beyond transportation infrastructure, utilizing the following guiding principles:

1. Put people first
  - a. Uplift customer journeys and local communities through artistic expression
  - b. Provide paid opportunities for artists at all levels of their careers
  - c. Engage riders and stakeholders through shared sense of ownership
  - d. Provide workforce development and career pipeline opportunities
2. Connect to creative communities throughout LA County
  - a. Celebrate connections to diverse local arts and cultural destinations
  - b. Present curated partnerships and sponsorships
  - c. Foster and facilitate arts tours and highlight creative communities
  - d. Facilitate creative outreach and engagement.
3. Champion innovation

- a. Collaborate with internal departments to integrate the arts across transportation modes and initiatives
- b. Leverage strategic funding opportunities
- c. Support artistic experimentation
- d. Explore new technologies and advance best practices

In response to the broader Board Motion regarding Reimagining transportation, Metro Art staff will seek to partner with other agency departments to pursue ways of incorporating arts and culture into existing agency plans and initiatives such as NextGen, BRT Vision & Principles Study, Long Range Transportation Plan, Customer Experience Plan, Equity Framework and the Recovery Task Force response.

### **FINANCIAL IMPACT**

Item is presented for information only with no financial impact at this time. Staff will reprioritize available resources and work cross-departmentally to identify internal and external funding opportunities to support pilot projects.

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

The information in this Report supports Metro's strategic goals of delivering outstanding trip experiences for all users of the transportation system (goal #2) and enhancing communities and lives through mobility and access to opportunity (goal #3). This work aligns with Metro's Equity Platform, specifically Pillar Two: Listen and Learn, and Pillar Three: Focus and Deliver. Arts-based strategies will be utilized to improve relationships, partnerships and actions to advance more equitable transportation outcomes. Community-driven conversations will be used to develop best practices, inform strategic community-focused partnerships, and build capacity to better address the needs of historically underserved communities.

### **NEXT STEPS**

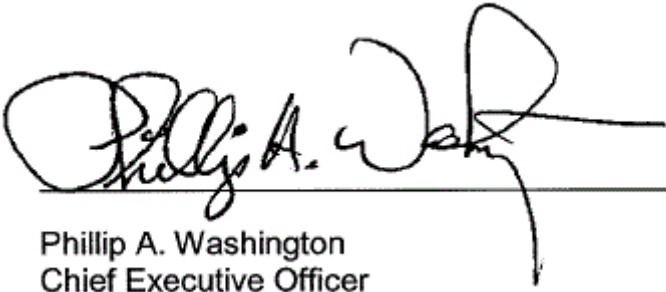
Staff will pursue the work as described above and will return to the Board in six to eight months with a report detailing pilot projects launched in response to the Board motion, lessons learned, and an updated Metro Art policy that formally expands the role of the arts beyond transportation infrastructure to uplift the customer experience.

### **ATTACHMENTS**

Attachment A - June 2020 Board Directive  
Attachment B - Transit Agency Percent for Art Programs

Prepared by: Maya Emsden, Deputy Executive Officer (213) 922-2720

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



Phillip A. Washington  
Chief Executive Officer





Metro

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

**Board Report**

**File #:** 2020-0427, **File Type:** Motion / Motion Response

**Agenda Number:** 36.

**EXECUTIVE MANAGEMENT COMMITTEE  
JUNE 18, 2020**

**Motion by:****DIRECTORS BUTTS, SOLIS, GARCETTI, AND HAHN**

## Uplifting The Human Spirit Through Metro Art

On Saturday June 6th the L. A. Times published in its Saturday Section (F) 14 different artworks from different artists under the title "California Artists Express the Pain of Injustice."

I've been periodically reminded by my staff that Metro has a long history in the forefront as a leader in integrating public art into transit construction projects. Our Metro Rail stations are famous for their artworks. We even have people taking tours of the station artworks.

As I mentioned in my State of the Agency remarks, we are currently faced with two concurrent tragedies and the artwork published in the Times spoke to the moment of the outpouring of grief and anger across our county and nation.

Mayor Garcetti spoke of re-imagining LA County transportation and I would propose that we consider ways in which the arts might play a role in that transformation that goes beyond transit infrastructure.

The Arts are a powerful means of bringing people together across borders of all kinds. Much of the inspiring news coverage/media attention at present is often about how the artists are expressing and conveying the longstanding pain of injustice.

As we are undertaking strategies to encourage people to return and use public transportation wisely and more often, I would like to see us explore ways to formally incorporate arts programming into areas beyond construction. As people ride busses and trains in this troublesome era, we should balance Metro safety messaging with welcoming creative artworks that mitigate anxieties and add a touch of humanity. Let us use this tragedy to help uplift the human spirit through art.

**SUBJECT: UPLIFTING THE HUMAN SPIRIT THROUGH METRO ART**

**RECOMMENDATION**

APPROVE Motion by Directors Butts, Solis, Garcetti, and Hahn that the Board direct the CEO to return in the August Board cycle with a Report back on how Metro can:

- Integrate Metro Art programs into our trains, busses;
- Champion artistic experimentation including provocative works that are responsive to the issues and concerns of our time; and
- Think about how artists might be included in the Reimagining of transportation

## Examples of Transit Agency % for Art Allocations

Sacramento	2.0%
San Francisco	2.0%
Santa Clara	2.0%
Miami-Dade	1.5%
Portland	1.5%
Atlanta	1.0%
New York City	1.0%
Seattle	1.0%
<b>Los Angeles County Metro</b>	<b>0.5%</b>

FTA Circular 9400.1A recommends that transportation projects allocate “a minimum one-half of 1% of construction costs, but should not exceed 5% of construction costs”.



# Uplifting the Human Spirit Through Metro Art

EMC Item 45  
August 2020

RICHARD WYATT  
*City of Dreams/River of History*  
Union Station

# June Board Motion/*Comments*:

## “Uplift the Human Spirit Through Metro Art”

- Integrate Metro Art programs into our trains, buses
- Champion artistic experimentation including provocative works responsive to the issues & concerns of our time
- Think about how artists might be included in the Reimagining of transportation
  
- *Support local artists*
- *Reinvigorate the arts in a post-pandemic world*
- *Provide access to arts and culture for underserved communities*

# Capital Projects (% for Art)



CHRISTINE ULKE  
*El Aliso de Los Angeles*  
Division 13

# Current Arts Impacts

## Americans for the Arts Report 8/11/20

- 94% report income loss
- 63% have become fully unemployed
- 76% use their art to raise morale and create community cohesion

## Brookings Institute Report 8/11/20

- Creative economy is one of the sectors most at risk
- California will be hit hardest in terms of absolute losses
- Small stop-gap measures will not undo the damage; a substantial and sustained recovery strategy is required
- Opportunity to develop strategies to hire local artists and create online platforms

**Leimert Park**

Through the eyes of artist Sam Jaxa

For a stylish urban one-of-a-kind beach scene. When also can you experience jazz, hip-hop, blues, poetry, artwork and great food. Stay out till out in the park to play chess or dominoes!

M Metro

Visit metro.net and Go Metro to Leimert Park.

**East L.A.**

Through the eyes of artist Antonio Rodriguez

Rejoice! Celebrate the East Los Angeles community's history by observing history and culture in the community's historical landmarks.

M Metro

Visit metro.net and Go Metro to East L.A.

**Griffith Park**

Through the eyes of artist Bob Zoell

Soak up the Griffith Park in a natural, fun and relaxed setting. Enjoy the scenic views of the Griffith Park Zoo, Picnics, Trains, Carousels, Horses, Trails, BBQs, Observatory, and Hiking.

M Metro

Visit metro.net and Go Metro to Griffith Park.

**Inglewood**

Through the eyes of artist Mikenna Kimura

A landscape of beauty, vibrant colors, and the textures of nature and earth. The artist is inspired through a variety of colors, patterns and textures, as she brings together images of the neighborhood's rich history and culture.

M Metro

Visit metro.net and Go Metro to Inglewood.

# “Integrate Metro Art Into Trains, Buses”

**Long Beach**

Through the eyes of artist Christine Nguyen

An intricate, expressive downtown playfully transforms itself, and together and more with local Long Beach landmarks, including the Aquarium Islands, El Dorado Square Center and The Water Pyramid at California State University, Long Beach.

M Metro

Visit metro.net and Go Metro to Long Beach.

**Pasadena**

Through the eyes of artist Walter Aulin

Peace and its healing power and beauty. Pasadena is represented by a vibrant and colorful scene of people enjoying the city's rich history and culture.

M Metro

Visit metro.net and Go Metro to Pasadena.

**Gardena**

Through the eyes of artist Jonathan Anderson

Beneath suspended power lines, a vibrant green garden blooms around a central figure working the land, calling to mind the many farms and nurseries that contributed to the development and thriving of the city.

M Metro

Visit metro.net and Go Metro to Gardena.

**Little Tokyo**

Through the eyes of artist Shizu Saldamando

The iconic red Yagura Tower and the north of Japanese Village Plaza emerge from a vivid collage of earthy paper and vibrant colors, as the artist brings together images of the neighborhood's rich history and culture.

M Metro

Visit metro.net and Go Metro to Little Tokyo.



# On Subways as Riders Return: Odes to Their Resilience

Leaders of the “Poetry in Motion” program hope verse can help to comfort and encourage people as they return to the trains in greater numbers.



“Champion  
artistic  
experimentation  
including  
provocative  
works  
responsive to  
the issues &  
concerns of our  
time”

NONI OLABISI  
*1995 Commemorative Poster*  
Metro Green Line



**Metro Green Line**  
Summer 1995

Rosa Parks' contribution to the history of transportation and civil rights is honored in this powerful work by artist Noni Olabisi.

This is a copy of the poster by Noni Olabisi commissioned by the MTA's A&E Program in celebration of the opening of the Metro Green Line.

“Think about how artists might be included in the Reimagining of transportation”



HELEN LUNDEBERG  
1939 WPA Mural: *History of Transportation*  
Inglewood, CA

“Think about how artists might be included in the Reimagining of transportation”



MICHAEL ALVAREZ  
Artist-Led Community Workshops  
Lulu Washington Dance Theatre  
KAOS Network

# Initiatives to be implemented in the next six months might include:

1. Champion artistic expression of local visual artists through onboard posters as space is available
2. Partner with community-based arts and cultural organizations to interpret and document this pivotal moment
3. Curate cultural programming to foster connections with the public
4. Commission local artists to creatively convey 'new manners,' safety messaging & mobility stories to surprise and delight riders

# Next Steps

- Initiate pilot projects to “Uplift the Human Spirit”
- Engage local artists and arts organizations
- Report back on pilot projects and expanding the role of the arts beyond infrastructure in Reimagining transportation



**Board Report**

**File #:** 2020-0566, **File Type:** Motion / Motion Response

**Agenda Number:** 45.1.

**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020  
REVISED**

**Amending Motion by:**

**DIRECTORS BUTTS, GARCETTI, AND GARCIA**

Related to Item 45: Report on Motion to “Uplift the Human Spirit Through Metro Art”

Metro staff has returned to the Board with an excellent response to the above Motion in so far as identifying immediate initiatives that can be implemented in the next six months including:

1. Champion artistic expression of local visual artists through posters within Metro’s allocation of advertising spaces, including on buses and trains, when/where space is available
2. Partner with community based cultural organizations to interpret and document this pivotal moment
3. Curate cultural programming to foster connections with the public, and
4. Commission local artists to creatively convey ‘new manners’, safety messaging and mobility.

While the report is very good as far as it goes, the Item before us is presented for information only with no financial funding being recommended.

We cannot accomplish the initiatives described above and create an inclusionary synergy with Metro’s Customer Experience “Surprise and Delight” program, including such aspects as Performance Art, without providing funding.

**SUBJECT: AMENDMENT TO REPORT ON MOTION TO "UPLIFT THE HUMAN SPIRIT THROUGH METRO ART"**

**RECOMMENDATION**

APPROVE Amending Motion by Directors Butts, Garcetti, and Garcia that the Board direct the CEO to initiate the following policy directives:

1. Instruct staff to return to this Board in September with a specific set-aside percentage of interior space on both rail and busses to accommodate the placement of Metro Art posters, with preference for local artists, as we have done in the past; and
2. Include in the FY 21 Budget \$400,000 dollars to accomplish the goals outlined above. Staff will reprioritize available resources and work cross-departmentally to identify internal and external funding opportunities to support the projects.

## **ATTACHMENTS**

Attachment A - RBM Item 45.1 (Before Revision)





# Metro

## Board Report

**File #:** 2020-0566, **File Type:** Motion / Motion Response

**Agenda Number:** 45.1.

### EXECUTIVE MANAGEMENT COMMITTEE AUGUST 20, 2020

#### Amending Motion by:

#### **DIRECTORS BUTTS, GARCETTI, AND GARCIA**

Related to Item 45: Report on Motion to “Uplift the Human Spirit Through Metro Art”

Metro staff has returned to the Board with an excellent response to the above Motion in so far as identifying immediate initiatives that can be implemented in the next six months including:

1. Champion artistic expression of local visual artists through posters within Metro’s allocation of advertising spaces, including on buses and trains, when/where space is available
2. Partner with community based cultural organizations to interpret and document this pivotal moment
3. Curate cultural programming to foster connections with the public, and
4. Commission local artists to creatively convey ‘new manners’, safety messaging and mobility.

While the report is very good as far as it goes, the Item before us is presented for information only with no financial funding being recommended.

We cannot accomplish the initiatives described above and create an inclusionary synergy with Metro’s Customer Experience “Surprise and Delight” program, including such aspects as Performance Art, without providing funding.

**SUBJECT: AMENDMENT TO REPORT ON MOTION TO "UPLIFT THE HUMAN SPIRIT THROUGH METRO ART"**

#### **RECOMMENDATION**

APPROVE Amending Motion by Directors Butts, Garcetti, and Garcia that the Board direct the CEO to initiate the following policy directives:

1. Instruct staff to return to this Board with a specific set-aside percentage of interior space on both rail and busses to accommodate the placement of Metro Art posters as we have done in the past; and
2. Include in the FY 21 Budget \$400,000 dollars to accomplish the goals outlined above. Staff will reprioritize available resources and work cross-departmentally to identify internal and external funding opportunities to support the projects.



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File #: 2020-0482, File Type: Oral Report / Presentation

Agenda Number: 46.

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**EXECUTIVE MANAGEMENT COMMITTEE  
AUGUST 20, 2020**

**SUBJECT: RESPONSE TO MOTION 21.1 - VOLUNTARY REDUCTION OF FEES FOR METRO CONSULTANTS**

**ACTION: ORAL REPORT**

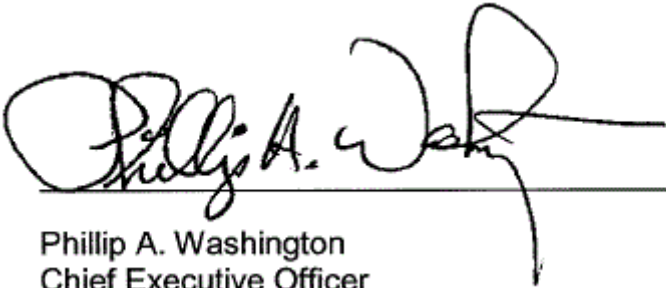
**RECOMMENDATION**

RECEIVE oral report on voluntary reduction of fees for Metro consultants.

**ATTACHMENT**

Attachment A - Motion 21. 1 - Voluntary Reduction of Fees for Metro Consultants

Prepared by: Debra Avila, Chief, Vendor/Contract Management Officer  
(213) 418-3051



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Phillip A. Washington  
Chief Executive Officer



# Metro

## Board Report

File #: 2020-0443, File Type: Motion / Motion Response

Agenda Number: 21.1.

### REGULAR BOARD MEETING JUNE 25, 2020

#### Amending Motion by:

#### **DIRECTORS SOLIS, BUTTS AND DUPONT-WALKER**

Related to Item 21: Airport Metro Connector Project

Voluntary Reduction of Fees for Metro Consultants

In response to declining revenues caused by the COVID-19 pandemic, Metro has launched a number of cost-saving strategies across the agency's portfolio of projects, programs and services. One of these strategies involved requesting a voluntary reduction in fees from all consultants, which has been communicated verbally by Chief Executive Officer Phil Washington to all consultants. However, Metro's Transportation Business Advisory Council (TBAC) recently conducted a survey of TBAC members as well as the business community at large and found that several Metro subconsultants are under the impression that the requested reduction in fees is mandatory, which places additional undue burdens on businesses already struggling to weather the pandemic. Ninety-three percent of businesses in Los Angeles County have less than 20 employees, and it is these businesses that are bearing the brunt of economic impacts. Metro should ensure that consultants are relaying accurate information to their subconsultants to prevent small, disadvantaged, and disabled veteran businesses from unnecessarily reducing their own revenues.

#### **SUBJECT: VOLUNTARY REDUCTION OF FEES FOR METRO CONSULTANTS**

#### **RECOMMENDATION**

APPROVE Amending Motion by Directors Solis, Butts, and Dupont-Walker that the Board direct the Chief Executive Officer to require all consultants considering a voluntary fee reduction under a Metro contract to certify in writing within 30 days that:

1. All of their subconsultants have been informed that any request from Metro for reductions in fees is voluntary and not mandatory; and
2. Any reduction in fees applied to a contract will be applied to all consultants and subconsultants at the same rate in order to prevent subconsultants from bearing the entirety of any

reductions, with exemptions for businesses that contribute to federal or Metro-established participation goals established for the contract.

Report back at the next Executive Management Committee meeting, identify any consultant that has not submitted such certification and take action as appropriate to ensure compliance from those identified.