



Finance & Administration Committee

Action Item III-A

November 5, 2015

Advertising and Retail Policy Review

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201669

Resolution:
 Yes No

TITLE:

Advertising and Retail Policy Review

PRESENTATION SUMMARY:

Staff will discuss Metro's commercial advertising policy and new advertising revenue opportunities. Staff will also discuss Metro's use regulations and opportunities for expanded retail revenue.

PURPOSE:

- Provide a brief overview of commercial advertising's role in the Metro system, review customer input about Metro advertising, and discuss new opportunities to generate revenue through expanded advertising throughout the system.
- Provide an overview of Metro's Regulations Concerning the Use of WMATA Property as they relate to retail and concessions, and review the practices of other transit agencies related to retail concessions.
- Seek Board approval of revisions to WMATA's advertising and Use Regulation policies.

DESCRIPTION:

This presentation follows the Board's recent action to close WMATA's advertising space to issue-oriented and advocacy advertising, makes certain recommendations and provides alternative opportunities for generating advertising revenue.

The presentation also provides information on non-passenger revenue opportunities through the sale of food and beverages on WMATA property and the policy changes to allow staff to pursue them.

Key Highlights:

- In May 2015, the Board of Directors closed WMATA's advertising space to any and all issue-oriented advertising, including but not limited to, political, religious and advocacy advertising until the end of the calendar year, directing staff to seek public comment and participation regarding the role advertising should play with respect of WMATA's primary core mission to provide safe, reliable public transportation.
- After considering input from riders and other stakeholders, WMATA staff recommend continuing the prohibition of issue-oriented and advocacy advertising indefinitely, as it may provoke community discord and create concern about discriminatory statements on the system, as well as potential threats to safety and security from those who seek to oppose the ad messages.

- Regarding retail opportunities, WMATA Use Regulations allow for retail activities in paid and non-paid areas of Metrorail stations. However, the sale of food and beverages is prohibited on WMATA-owned property.
- Currently, WMATA has a license agreement with a bank allowing the installation of ATMs (Automatic Teller Machines) in stations that is expected to generate more than \$1.2 million in annual revenue. However, a 2006 Request for Proposals (RFP) for a Retail Demonstration Project in 12 Metro Stations received no satisfactory responses, due largely to the prohibition on the sale of food and beverages.
- Based on a recent review of other transit agency policies, staff recommends a modification of the Use Regulations to allow the sale of food and beverages, while retaining the prohibition on eating and drinking in the system.
- WMATA staff proposes: (1) revising the Commercial Advertising Guidelines to specifically exclude issue-oriented, political, religious and other advocacy ads; (2) providing new opportunities for generating advertising revenue, including a return to permitting alcohol advertising in the system; (3) revising the advertising inventory in the Use Regulations to allow multiple new applications of advertisement placement, and (4) revising the Commercial Use of WMATA-Owned Facilities in the Use Regulations to allow for the sale of food and beverages.

Background and History:

Advertising Policy Background

WMATA re-competed its contract for advertising in 2014, increasing the minimum annual guarantee from the vendor from \$8 million to more than \$20 million annually. The new contract expires in 2019 with three option years, and shares revenue with WMATA as follows: each contract year has a minimum annual guarantee (MAG), sales above the MAG are shared at a calculation of 68% to WMATA. New inventory—inventory not included in the original contract, such as faregates and wallscapes—is paid outside of MAG at 65% to WMATA.

In a typical year, advertising represents about 40% of WMATA's non-fare revenue sources, or approximately \$20 million. As the seat of the federal government, the D.C. area is unique among transit properties in the amount of issue-oriented advertising we attract. WMATA's issue-oriented advertising sales average approximately \$2-5 million in annual revenue over the last five years.

The bulk of those ads represent lobbying efforts and they include station domination campaigns at Capitol South, Union Station, Navy Yard and Pentagon Stations. Most recent examples include the Airline Pilots and Owners Association and War Room Strategies campaigns lobbying against Open Skies; and PETA's campaigns against NIH using live monkeys for testing.

WMATA has a long and varied history with controversial/issue-oriented advertising. Over the past 40 years, the Board has taken various actions to strike the necessary balance of revenue, free speech and appropriate messaging. The following table provides a summary of Board resolutions related to WMATA's advertising policy, from 1971 to present:

May 1971	Adoption of Advertising and Concessions Policy
1972	Board adopted WMATA's initial Commercial Advertising Guidelines
1974	Board created public advertising space to encourage communication matters of public interest.
April 1980	Board approves and adopts Guidelines for Public Service Advertising Guidelines
June 1987	Amended Guidelines for Public Service Advertising
June 1994	Phase out Alcohol and Tobacco Advertising over 5 years
December 1996	Approval of Amended Guidelines for Public Service Advertising
November 2003	Amend Commercial Advertising Guidelines
May 2015	WMATA advertising space temporarily closed to issue-oriented advertising

Most recently, on May 28, 2015, Metro's Board of Directors acted to temporarily suspend all issue-oriented advertisements throughout the Metrorail and bus system until the end of the calendar year.

Retail Background

In 2004, the Board changed the policy to allow for expanded commercial use of WMATA properties. Section 100.7 was changed to allow sale of retail products (uses to be approved in advance) in all free and paid areas of Metrorail Stations.

In May of 2004, ATMs were authorized by the Board and introduced into the system under a License Agreement. The current License Agreement generates \$1.2 million in guaranteed annual revenue, with additional percentage share from foreign transaction fees charged users being paid to WMATA.

In 2006, WMATA issued a Request for Proposals (RFP) for a Retail Demonstration Program in 12 Metrorail Stations:

- No satisfactory responses were received.
- A follow-up Request For Expressions of Interest was issued; respondents and leaders in the transportation retail industry interviewed indicated that some type of food products brought in the most revenue.

In 2009 through an RFP, WMATA selected Old Town Trolley to install two ticket sales kiosks at the Smithsonian Metrorail Station. The interior site was removed due to low sales but the surface kiosk generates \$25,000 in annual revenue. Two other licensees selected to install DVD movie rental machines withdrew from the program as they did not want to finance the projected \$13,000 average cost to install utilities at each location

in the Metrorail stations.

In December 2014, the Board approved a pilot program to offer pick-up food – Peapod from Giant. This included a temporary exception to the Use Regulation.

Discussion:

Advertising Policy Discussion

Since May 2015, at the Board's direction, Metro staff have reviewed how the Authority's advertising policy supports its core mission. In doing so, staff have considered best practices and current trends among other transit properties, sought input formally and informally from customers and stakeholders, and identified alternative opportunities for generating advertising revenue.

First, WMATA staff reviewed the advertising policies at other large transit properties, including London, Chicago and New York City, which have generally moved to restrict or eliminate issue ads.

The second step in our review was to ask customers and advertisers their response to Metro's advertising policies. This survey, conducted in mid-September, measured:

- Familiarity with types of advertising
- Acceptability of Advertising methods
- Acceptability of Advertising issues
- Proposed changes to Metro advertising policy

Overwhelmingly (98%), the public indicates they are familiar with the types of advertising found on buses and trains and in stations. The majority (58%) oppose issue-oriented ads, and that number grows to nearly two-thirds when the ads pose potential security concerns.

Those opposed to running issue ads that cause strong reactions (such as religious extremism, right to life and political advertising) also find fewer issues acceptable than those that favor running such ads. Nearly 30% of customers in favor of running issue-oriented ads of any kind reconsider their position when a strong reaction such as potential vandalism or security concerns may result.

Since the temporary ban on issue-oriented advertising was enacted, WMATA and our contractor have foregone approximately \$1.6 million in advertising sales that we would have otherwise shared. This includes \$500,000 in existing contracts that were refunded and approximately \$1.1 million in new business that was rejected upon review by a panel of attorneys from WMATA's General Counsel's Office. Some examples of the existing advertisers whose contracts were cancelled include the Airline Pilot Association, the D.C. Department of Public Health, Corn Farms, Alzheimer's Association, Knights of Columbus and the American Association of Railroads, all of which were considered advocacy ads.

Marketing staff continues to work with our vendor to offset those losses and increase new types of advertising revenues. For example, this year we successfully piloted new

forms of transit advertising in the inventory: digital screen panels, direct ad application on glass and metal surfaces, and fare gate ads. In the first half of the 2015 contract year, these forms of media generated \$1.15 million (net) to WMATA.

With Board approval of new advertising inventory, we seek to expand digital advertisements from 10 locations to 60 locations, which offers the potential for increased revenue totaling between \$1.2 and \$5 million per year. Additionally, we will expand ads on glass and metal surfaces throughout our system to create space without the need for infrastructure investments in our newer facility designs including: new Silver Line stations; Morgan Boulevard, Largo Town Center and New York Avenue Stations; and the Silver Spring Transit Center.

We also are investigating significant revenue opportunities for digital panels at the street level entrance to key stations, as well as wallscapes on the exterior of WMATA property (for example, the Jackson Graham Building or Metro parking structures), subject to obtaining any necessary permits. The value of wallscapes is potentially \$250,000 per year, but requires zoning variances in certain jurisdictions, including the District of Columbia and Fairfax.

Another option for increasing advertising revenue is allowing “station adoption” opportunities at Metrorail stations that are not currently used for “station dominations.” Currently, 12 stations (for example, Metro Center, Gallery Place and Union Station) are available for “dominations” where advertisers see ridership volume sufficient to attract a takeover of all revenue inventory in the station on a short term (up to six month) basis. At all other Metrorail stations, “station adoptions” would provide long-term, exclusive advertising opportunities throughout the station and could generate an estimated \$540,000-\$680,000 in WMATA revenue per year, per station adoption.

Railcars, like Metrobuses, are assets that offer significant opportunity for revenue; Metrorail train wraps, both exterior and interior, should be considered as another form of transit media. The estimated revenue potential for exterior train wraps is \$1.4 million (net to WMATA) per year, and \$2 million (net) per year for wrapped train interiors. However, as with any advertising inventory, impacts on operations must be considered and coordinated. Installation and removal of train wraps may require up to 20 hours per railcar, and certain trainsets would be captive by line. As 7000-series cars come online and car availability for passenger service is less constrained, WMATA and the advertising franchisee will pursue sales of these wraps.

Combined, all of these new advertising opportunities have the potential to generate between \$5 million and \$9 million annually for WMATA.

Finally, to further expand advertising, the Board may consider revisiting its prohibition against the sale of alcohol advertising. This could potentially generate about \$5 million in additional advertising revenues over the next several years. Other transit properties that accept alcohol ads include New York, Miami, Pittsburgh, Minneapolis, Cleveland, Atlanta and London.

Local jurisdiction policies related to alcohol advertising vary. Currently, the D.C. Department of Transportation accepts alcohol advertising (for example, on its bus shelters), Maryland does not accept alcohol ads anywhere in public transit, and Virginia has varying policies, including a prohibition on alcohol advertisements on Fairfax

Connector buses.

Market research conducted in mid-September also surveyed customers on the acceptability of various advertising methods. The greatest approval was found for conventional advertising methods already employed by WMATA, with approval dropping for advertising methods not currently deployed in the system and where customers have less familiarity. For example, 81% found bus exteriors and station wall hangings to be acceptable, while only 59% found exterior train wraps and 43% found the exterior of Metro facilities to be acceptable locations for advertising.

The September poll found alcohol advertising is a polarizing topic (47% favor, 37% oppose and 16% “not sure”).

Retail Policy Discussion

WMATA staff continues to explore how to increase non-passenger revenues and leverage value from Metro’s real estate assets. With approximately 200 million rides taken on Metrorail each year, Metro riders represent an opportunity for retail concessions. Operators of retail establishments next to Metro Station entrances benefit from that foot traffic.

WMATA has engaged a consultant specializing in analyzing and implementing retail concessions in transit properties. A scan of other major transit properties found that all allow the sale of food and beverages. Based on this research and WMATA’s experience in attempting to market retail spaces, the sale of food and drink is considered critical to a successful transit retail program.

The opportunities for retail facilities will be constrained by space and the availability of utilities. The WMATA system was not designed to accommodate an extensive retail program. The opportunities being evaluated are for small newsstand/Retail Modular Units and vending machines. It is expected that typical items would be considered “grab & go” items; packaged food and beverages, sundry items such as aspirin, electronic ear buds, and other convenience items.

WMATA is working with its retail consultant to evaluate a limited number of sites for an RFP, based on foot traffic, feasibility (does not interfere with operations or safety). The cost of installation of electrical (and water, if necessary) is also a factor. WMATA would have the concessionaire bear those costs, which would be amortized over the period of the License Agreement.

Staff is seeking to change the WMATA Use Regulations to allow for the sale of food and beverages on WMATA property (the prohibition on the consumption of food and beverages in the paid areas of the system would remain in place).

If the Board approves the proposed policy change, staff will continue its investigation of specific opportunities at Metro Stations where retail may be feasible and marketable. Staff will then be required (per the Use Regulations) to seek approval from the Board for authorization to advertise a solicitation and enter an agreement, for retail uses. At that time, staff would include a list of banned items that would not be allowed for sale, to be included in the RFP and subsequent License Agreement. The intent would be that food and beverages sold be in sealed or reseal-able packages.

FUNDING IMPACT:

Approval will allow WMATA to possibly offset loss of controversial advertising revenues and potentially generate up to \$9 million more annually in advertising revenue to support operations, as well as additional retail revenue.	
Project Manager:	Lynn Bowersox
Project Department/Office:	Customer Service, Communications and Marketing

TIMELINE:

Previous Actions	May 2015 - WMATA Board of Directors closed advertising space to any and all issue-oriented advertising, including but not limited to, political, religious and advocacy advertising until the end of the calendar year
Anticipated actions after presentation	<p>October 2015 - Board to consider four resolutions to:</p> <ol style="list-style-type: none"> 1. Continue the ban on issue-oriented advertisements indefinitely 2. Approve additional advertising inventory, including an expansion of digital screens 3. Lift WMATA’s current prohibition against the sale of alcohol advertising 4. Revise the Use Regulations to allow for the sale of food and beverage. <p>Early 2016 – Staff will seek approval from the Board to advertise a Request for Proposals and enter into a License Agreement for retail concessions, which allows for the sale of food and beverages.</p>

RECOMMENDATION:

Management seeks approval of Board Resolutions on:

1. Issue-oriented advertising policy
2. Additional advertising inventory
3. Alcohol advertising
4. Concessions policy



Washington Metropolitan Area Transit Authority

Advertising and Retail Policy Review

Finance and Administration Committee

November 5, 2015



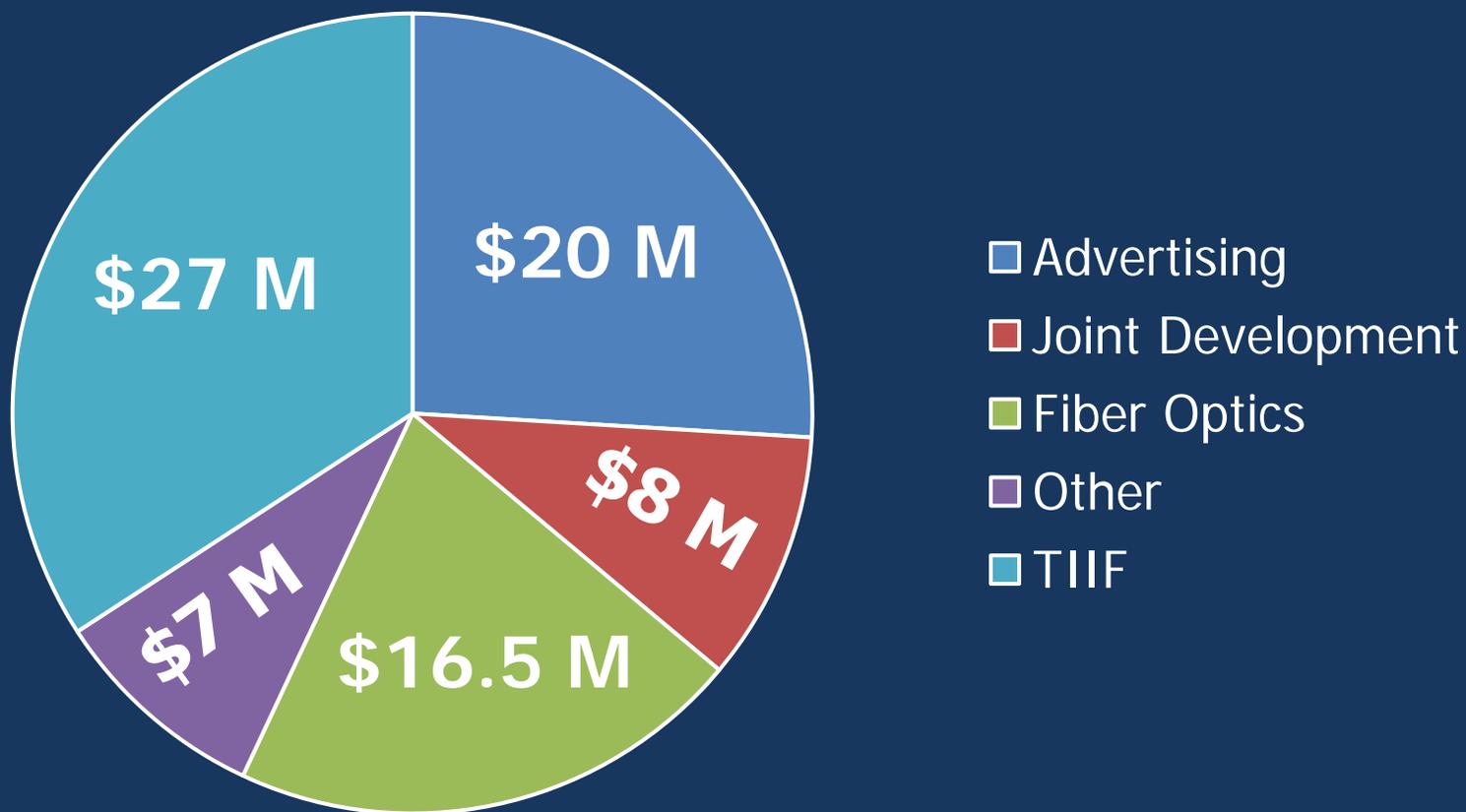
Governance

- **WMATA Use Regulations**
 - Describe the types of activities that may be conducted on WMATA property by non-WMATA personnel or by the public.
 - Last amended 2008
 - Appendix A: List of Board-approved advertising inventory
- **Commercial Advertising Guidelines**



Financial Impact

FY2016 Budget, Non-Fare Revenue





Current Situation

Issue-oriented advertising = \$2-5 million in revenue, annually

IN THE FACE OF ALZHEIMER'S THE BEST SOLUTION IS CLEAR: RESEARCH

It's not just the people who have Alzheimer's who are affected by it. Research funding is critical because Alzheimer's is a triple threat unlike any other disease:

- **Devastatingly Common:** More than 20 million patients and caregivers are watching precious moments and entire lives disappear.
- **Soaring Costs:** The most expensive disease in the nation will quadruple to over \$1 trillion in just one generation, threatening family savings and the future of Medicare.
- **Lack of Treatment:** It is the only leading cause of death that can't be prevented, cured or even slowed—yet.

Medical breakthroughs allow millions of people to survive diseases that were once death sentences. Now it's time to make that possible for people with Alzheimer's. Research is the solution to make Alzheimer's disappear.

LEARN MORE AT ALZ.ORG.

VIOLENCE

Since September, 2000, **ISRAEL'S MILITARY** has killed one Palestinian child every 4 days,¹ using U.S. tax dollars.

AGE 0-8	AGE 9-12	AGE 13-15	AGE 16-17
490	347	531	534

End U.S. support for Israeli apartheid.

¹Defence for Children International Palestine (2014, March). ²Telem statistics (2014).

AdsAgainstApartheid.com

NIH: Millions spent scaring baby monkeys and making them depressed, lonely, and drunk since 1983. Stop it now.

PETA

This is a paid advertisement sponsored by PETA. The advertising space is a designated public forum and does not imply WMATA's endorsement of any views expressed. PUBLIC

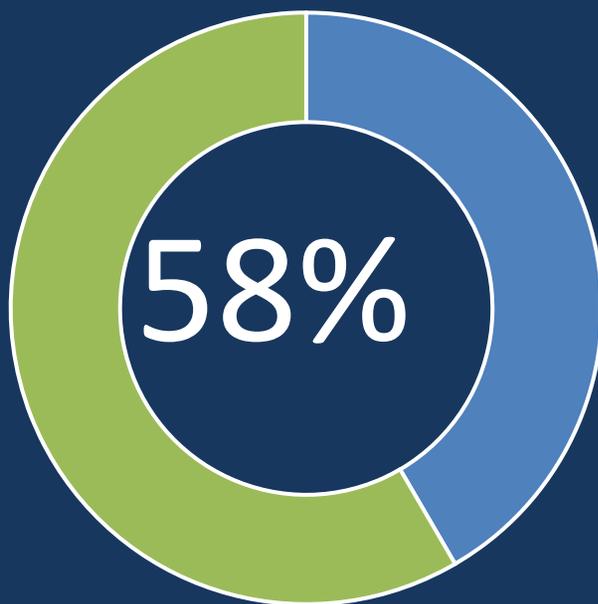


Temporary Suspension of Issue-Oriented Ads

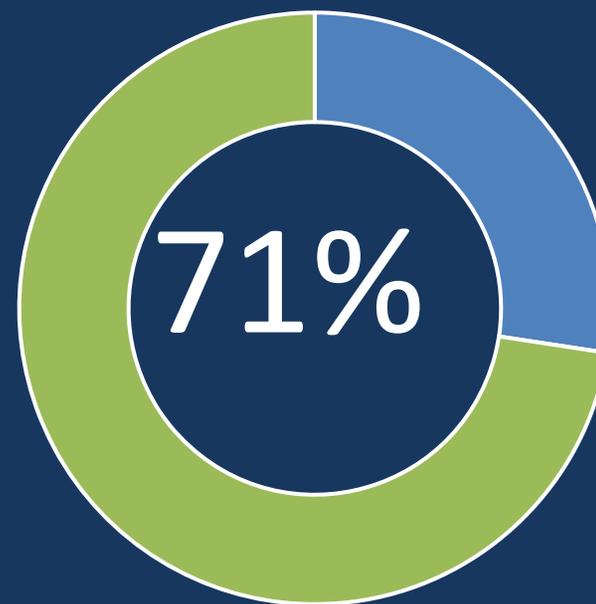
- **May 28, 2015:** Board adopts motion to temporarily suspend all issue-oriented advertisements until the end of 2015
- Similar policies at peer agencies
 - London: Banned issue ads
 - MTA: Restricted issue ads
 - Chicago: Banned issue ads
- Foregone ad sales; June-Oct 2015: \$1.6 million



Customer Input – Issue Ads



Oppose Issue Ads of Any Kind



Oppose Issue Ads Causing Strong Reactions



Advertising Revenue Opportunities

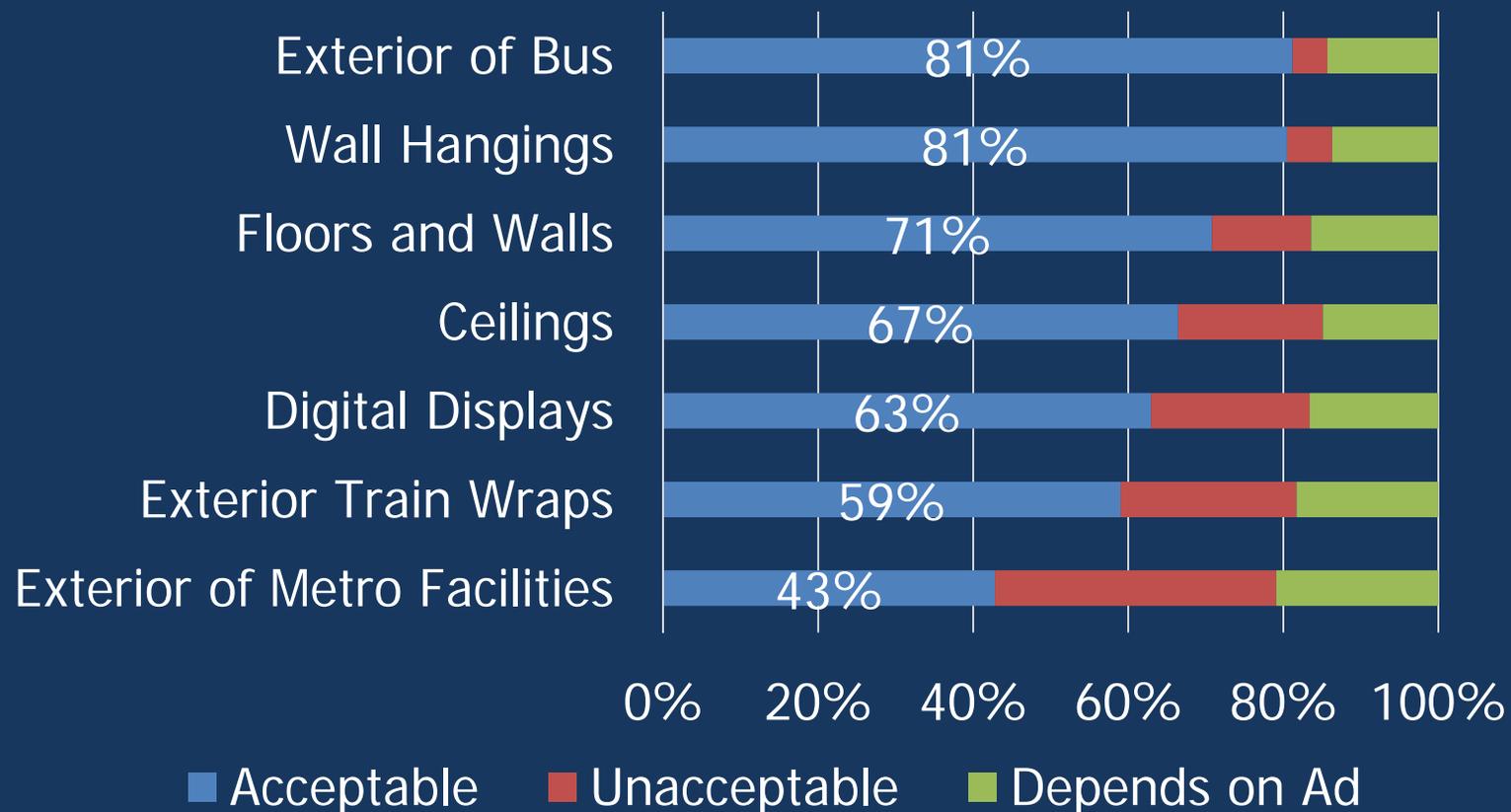
- Expanded digital advertising
- Exterior wallscapes on WMATA property
- Metrorail train wraps, exterior and interior
- Combined new ad revenue potential = \$5-9 million annually





Customer Input - Acceptability of Advertising Methods

Customers are most comfortable with conventional/current methods of advertising





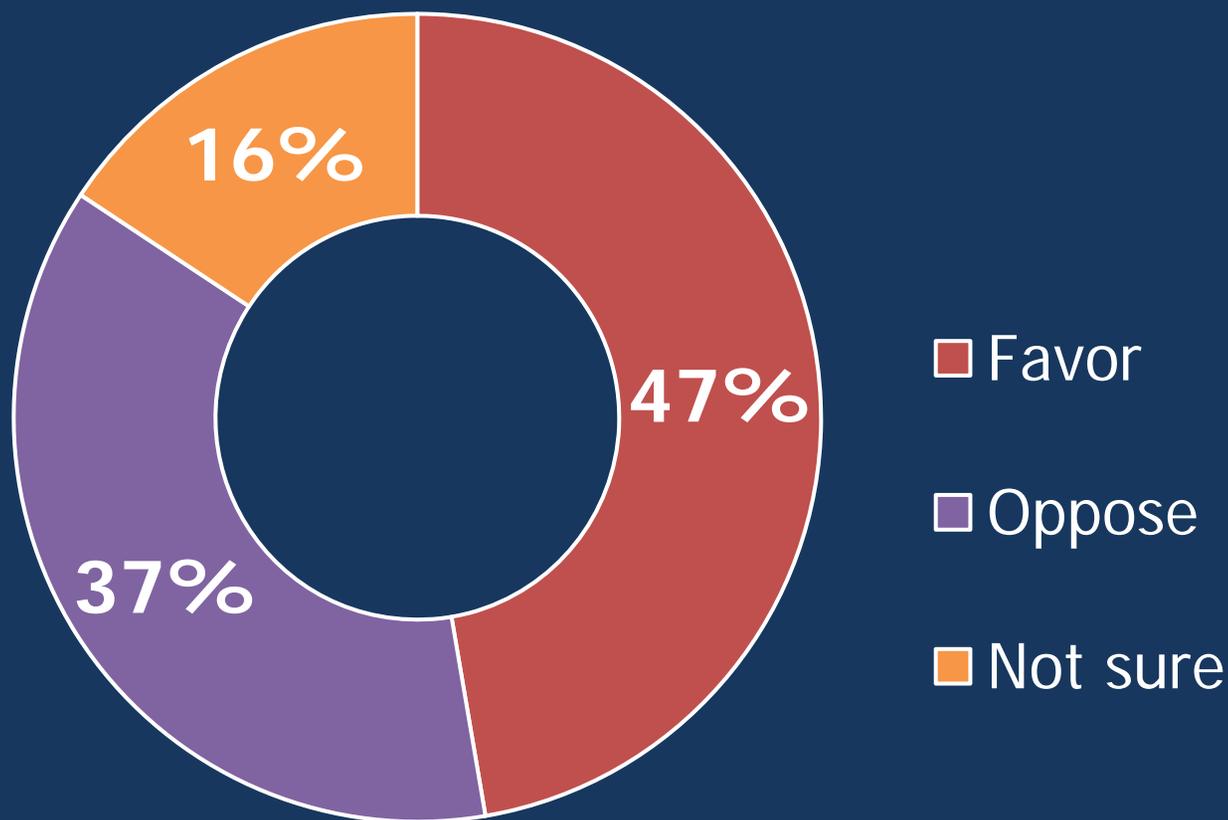
Alcohol Ad Revenue Opportunities

- \$4.9 million net revenue potential through FY22
- Markets that accept alcohol ads on transit: New York, Miami, Pittsburgh, Minneapolis, Cleveland, Atlanta and London





Customer Input – Alcohol Advertising





Retail and Concessions Opportunities

WMATA engaged a consultant specializing in retail concessions on transit properties to:

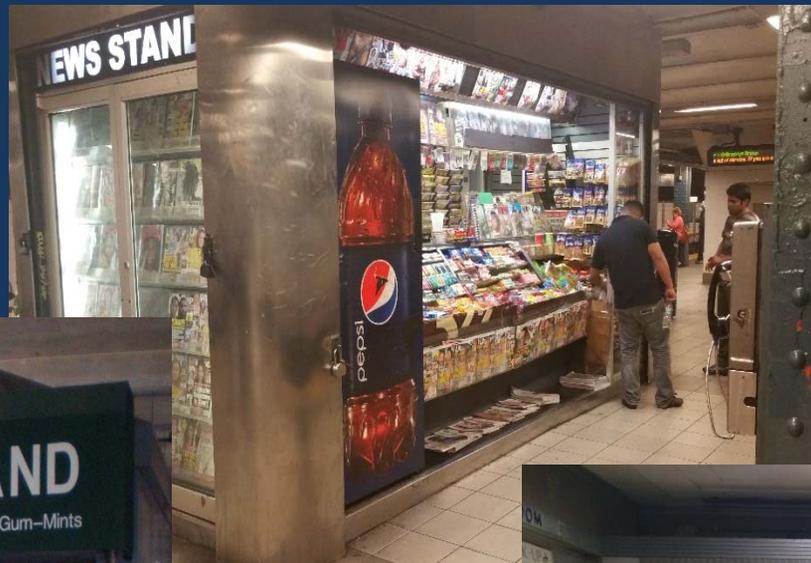
- Identify successful business models at peer agencies
- Review the Regulations Concerning the Use of WMATA Property
- Devise implementation strategies for a successful retail and concessions program



Boston South Station



Retail and Concessions Opportunities



NYCTA System



Newark Penn Station



Next Steps

- Management seeks approval of Resolutions on:
 1. Issue-oriented advertising policy
 2. Additional advertising inventory
 3. Alcohol advertising
 4. Concessions Policy
- Early 2016 – Staff will seek Board approval of RFP and Licensing Agreement on retail concessions operations.

SUBJECT: ADDITIONS TO THE USE REGULATION ADVERTISING INVENTORY TO INCLUDE ADVERTISING ON RAILCARS AND BUS SHELTERS, AND IN METRORAIL STATIONS AND BUS TRANSIT CENTERS

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, In Resolution 80-19, the Board of Directors established a policy on the limited use by others of property owned or controlled by the Washington Metropolitan Area Transit Authority (WMATA); and

WHEREAS, In Resolution 87-02, the Board of Directors set forth the Regulations Concerning the Use by Others of WMATA Property (Use Regulation), which codifies the policy expressed in Resolution 80-19; and

WHEREAS, Pursuant to Section 100.9 of the Use Regulation, advertising is permitted on the Board-approved advertising inventory of buses, bus shelters, railcars, and Metrorail stations, including tunnels, and on WMATA's website (Advertising Inventory), as shown on Attachment A; and

WHEREAS, Over the years, the Board of Directors has approved additions to the Advertising Inventory; and

WHEREAS, In mid-September, Staff surveyed the riding public to measure: (1) the public's familiarity with the various types of advertising; (2) public acceptance of various advertising methods; (3) public acceptance of issue-oriented advertising; and (4) public acceptance of changing WMATA's advertising policy to allow alcohol ads; and

WHEREAS, Staff has provided the Board of Directors with the results from the public comment and participation, which show that the riding public is open to the concept of new forms of transit advertising inventory, including: (1) digital advertising panels; (2) full exterior train wraps; (3) interior train wraps; and (4) direct application banner ads on glass/metal surfaces in Metrorail stations and Metrobus transit centers; and

WHEREAS, Staff has drafted proposed revisions to the Use Regulation Advertising Inventory, attached hereto as Attachment A, to add certain items/locations, provided that such items/locations are consistent with WMATA's primary purpose of providing safe, reliable public transportation; now, therefore be it

RESOLVED, That the Board of Directors hereby approves the additions to the Use Regulation Advertising Inventory as set forth on Attachment A, provided that it is consistent with the Authority's primary purpose of providing safe, reliable public transportation; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No:
18.4.2 Ads By Others in Metro Space

PROPOSED

LIST OF BOARD OF DIRECTORS-APPROVED ADVERTISING INVENTORY

- A. Buses
1. Queen-size frames
 2. King-size frames.
 3. Rear frames
 4. Exterior Head-liners
 5. Video monitors
 6. Partial exterior wraps
 7. Interior Bus Cards
- B. Railcars
1. Interior car cards (21" x 22")
 2. Interior head-liners
 3. Video monitors
 4. Partial exterior wraps
 5. Exterior railcar King-size displays
 - 6. Full exterior railcar wraps**
 - 7. Interior railcar wraps**
 8. Interior railcar doors (excluding bulkhead doors)
 9. Railcar Ceilings
- C. Metrorail Stations
1. Dioramas (back-lighted advertising display)
 2. Two-Sheet Posters (non-backlighted advertising display)
 3. Station banners
 4. Larger Dioramas
 5. Pylons and Pillars
 6. Floor Graphics
 7. Trash Receptacles
 8. Wall Projections
 - 9. Digital Advertising panels**
 - 10. Direct application banner ads on glass and/or metal surfaces**
- D. Tunnels
- E. Bus Shelters
- 1. Direct application banner ads on glass and/or metal surfaces**
- F. Wallscapes
- G. Website Advertising - for Commercial Advertising only in accordance with Section 100.9 (c) of this Use Regulation.

SUBJECT: REVISIONS TO THE USE REGULATION TO ALLOW SALE OF FOOD AND BEVERAGE ITEMS

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, In Resolution 80-19, the Board of Directors established a policy on the limited use by others of property owned or controlled by the Washington Metropolitan Area Transit Authority (WMATA); and

WHEREAS, In Resolution 87-02, the Board of Directors set forth the Regulations Concerning the Use by Others of WMATA Property (Use Regulation), which codifies the policy expressed in Resolution 80-19; and

WHEREAS, Staff recommends allowing the sale of sealed and/or packaged food and beverage items on WMATA property, while continuing to comply with the laws in all jurisdictions that prohibit consumption of food and beverage on WMATA property; and

WHEREAS, Staff has drafted proposed revisions to Use Regulation Sections 100.7(d) and 100.7(e), attached hereto as Attachment A, to delete references to the sale of food and drink as prohibited commercial activity; and

WHEREAS, Pursuant to Use Regulation Section 100.7(e), staff must present each proposed venture involving the sale of sealed and/or packaged food and beverage items to the Board of Directors for approval, and require each vendor to execute a license agreement containing the requisite insurance and indemnification requirements; and

WHEREAS, The use of WMATA property for the sale of food and drink is an incidental use of real property, for which Federal Transit Administration (FTA) approval is required; now, therefore be it

RESOLVED, That the Board of Directors hereby approves the incidental use of WMATA property for the sale of sealed and/or packaged food and beverage items where such activity does not interfere with WMATA's primary purpose of providing safe, reliable public transportation; be it further

RESOLVED, That the Board of Directors hereby approves the changes to Sections 100.7(d) and 100.7(e) of the Use Regulation as shown in Attachment A; and be it further

RESOLVED, That the Board of Directors authorizes the General Manager/Chief Executive Officer to seek FTA approval as required for the sale of food and beverage items, where such uses can be accommodated and do not interfere with WMATA's primary purpose of providing safe, reliable public transportation; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No:
18.4 Marketing & Advertising

PROPOSED

APPROVAL OF RETAIL USES

- 100.7(d) "Commercial Activity" means any enterprise or venture by groups or individuals for the purpose of promoting or selling products or services, except ~~food, drink and~~ tobacco to transit patrons or the public.
- 100.7 (e) "Commercial Use of WMATA-Owned Facilities" means the use of WMATA's parking facilities/structures, Metrorail stations, Metrobus garages, rail yards and office buildings for commercial ventures, such as, office space, and retail ventures (sale of products or services, except ~~food drink and~~ tobacco, deemed to reduce the travel time of transit users by providing easy access to frequently used/needed products or services). Each commercial use requires Board approval.

PROPOSED

SUBJECT: APPROVAL OF CLOSING OF COMMERCIAL ADVERTISING SPACE TO
ISSUE-ORIENTED ADVERTISING

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, In 1972, the Board of Directors adopted the Washington Metropolitan Area Transit Authority's (WMATA) Commercial Advertising Guidelines; and

WHEREAS, On May 29, 2015, the Board of Directors temporarily closed WMATA's commercial advertising space to any and all issue-oriented advertising, including, but not limited to, political, religious and advocacy advertising until the end of the calendar year, and directed Staff to seek public comment and participation regarding WMATA's Commercial Advertising Program for the Board's consideration before making a final policy determination regarding what measures are appropriate to maximize WMATA's commercial advertising revenue stream consistent with WMATA's core mission of providing safe, reliable public transportation; and

WHEREAS, In mid-September, staff engaged in a survey of the riding public to measure: (1) the public's familiarity with the various types of advertising; (2) public acceptance of various advertising methods; (3) public acceptance of issue-oriented advertising; and (4) public acceptance to change to WMATA's advertising policy to allow alcohol ads; and

WHEREAS, The results show that: (1) 98% of the public is familiar with the types of advertisements found on buses, trains and in stations; (2) 58% oppose issue-oriented ads with that percent rising when the ads pose potential security concerns while 41% are supportive of running issue-oriented ads; and (3) 20% are extremely supportive of issue-oriented advertisements while 46% are extremely opposed; and

WHEREAS, Staff has drafted revisions to the Commercial Advertising Guidelines, attached as Attachment A, closing access to ads that are issue-oriented, including political, religious, and/or advocacy in nature; now, therefore be it

RESOLVED, That the Board of Directors hereby closes WMATA's Commercial Advertising Space to issue-oriented ads, including political, religious and advocacy ads, and adopts the changes to the Commercial Advertising Guidelines, as shown on Attachment A; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
18.4.2 Ads by Others in Metro Space

PROPOSED

Guidelines Governing Commercial Advertising

Adopted August 3, 1972
by
Board of Directors
Amended November 20, 2003

Amended by
General Manager/Chief Executive Officer
October 16, 2012

1. All advertising shall comply with the spirit of all applicable laws and regulations of the various jurisdictions in which it is displayed unless the inconsistencies among the various jurisdictions prevents such compliance. Advertising will not be accepted which is false, misleading or deceptive.
2. Advertisers promoting contests shall insure the contest is being conducted with fairness to all entrants and complies with all applicable laws and regulations.
3. Testimonials should be authentic and shall honestly reflect the response of the person making them. (The sales contract shall provide for the indemnification of WMATA against action by any person quoted or referred to in any advertisement placed in the Metro system).
4. Medical and health-related messages will be accepted only from government health organizations, or if the substance of the message is currently accepted by the American Medical Association and/or the Food and Drug Administration.
5. Advertisers shall avoid illustrations or references which disregard normal safety precautions.
6. Advertising offering premiums or gifts shall avoid representations which would enlarge the value of the item in the minds of the viewers.
7. Use of Metro graphics or representations in advertising is subject to approval by WMATA.
8. No implied or declared endorsement of any product or service or message by WMATA is permitted.
9. ~~All issue-oriented advertising shall include the following disclaimer:~~

~~This is a paid advertisement sponsored by [Sponsor]. The advertising space is a designated public forum and does not imply WMATA's endorsement of any views expressed.~~

~~— The disclaimer shall be in a type size and style that, in the judgment of WMATA, is clearly readable by the public. Issue-oriented advertising is advertising that addresses political, religious, social or moral issues or related matters. Advertisements intended to influence members of the public regarding an issue on which there are varying opinions are prohibited.~~

10. Advertisements of alcohol and tobacco products are prohibited in accordance with Board Resolution 94-36.
- ~~11. Advertisements that support or oppose any political party or candidate are prohibited.~~
- ~~12. Advertisements that promote or oppose any religion, religious practice or belief are prohibited.~~
- ~~13. Advertisements that support or oppose an industry position or industry goal without any direct commercial benefit to the advertiser are prohibited.~~
- ~~14. Advertisements that are intended to influence public policy are prohibited.~~

SUBJECT: APPROVAL OF ALCOHOL ADVERTISING IN COMMERCIAL ADVERTISING SPACE

**RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY**

WHEREAS, In 1972, the Board of Directors adopted the Washington Metropolitan Area Transit Authority's (WMATA) Commercial Advertising Guidelines; and

WHEREAS, In Resolution 94-36, the Board of Directors directed that alcohol and tobacco advertising be gradually phased out of both the Metrorail and Metrobus systems, such that all such advertising would be eliminated from both systems by May 1, 1999; and

WHEREAS, Due to current budgetary concerns, the Board of Directors finds that it must take any viable steps to maximize WMATA's commercial advertising revenue and supplement other revenue sources; and

WHEREAS, In mid-September, staff engaged in a survey of the riding public to measure: (1) the public's familiarity with various types of advertising; (2) public acceptance of various advertising methods; (3) public acceptance of issue-oriented advertising; and (4) public acceptance to change to WMATA's advertising policy to allow alcohol ads; and

WHEREAS, Staff has provided the Board of Directors with the results from the public comment and participation, which show that 47% of the riding public is favorable to alcohol advertising as a means of increasing the commercial advertising revenue, 37% oppose it, and 16% are undecided; now, therefore be it

***RESOLVED,* That the Board of Directors hereby adopts the revised Commercial Advertising Guidelines attached hereto as Attachment A, and directs the General Manager/Chief Executive Officer to allow alcohol advertising in WMATA's commercial advertising space provided that such advertising complies with the laws of the applicable jurisdiction; and be it finally**

***RESOLVED,* That this Resolution supersedes Resolution 94-36 to the extent that Resolution 94-36 prohibits alcohol advertising; and be it finally**

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Mark R. Pohl
Acting General Counsel

WMATA File Structure No.:
18.4.2 Ads by Others in Metro Space

PROPOSED

Guidelines Governing Commercial Advertising

Adopted August 3, 1972
by
Board of Directors
Amended November 20, 2003

Amended by
General Manager/Chief Executive Officer
October 16, 2012

1. All advertising shall comply with the spirit of all applicable laws and regulations of the various jurisdictions in which it is displayed unless the inconsistencies among the various jurisdictions prevents such compliance. Advertising will not be accepted which is false, misleading or deceptive.
2. Advertisers promoting contests shall insure the contest is being conducted with fairness to all entrants and complies with all applicable laws and regulations.
3. Testimonials should be authentic and shall honestly reflect the response of the person making them. (The sales contract shall provide for the indemnification of WMATA against action by any person quoted or referred to in any advertisement placed in the Metro system).
4. Medical and health-related messages will be accepted only from government health organizations, or if the substance of the message is currently accepted by the American Medical Association and/or the Food and Drug Administration.
5. Advertisers shall avoid illustrations or references which disregard normal safety precautions.
6. Advertising offering premiums or gifts shall avoid representations which would enlarge the value of the item in the minds of the viewers.
7. Use of Metro graphics or representations in advertising is subject to approval by WMATA.
8. No implied or declared endorsement of any product or service or message by WMATA is permitted.

9. All issue-oriented advertising shall include the following disclaimer:

This is a paid advertisement sponsored by [Sponsor]. The advertising space is a designated public forum and does not imply WMATA's endorsement of any views expressed.

The disclaimer shall be in a type size and style that, in the judgment of WMATA, is clearly readable by the public. Issue-oriented advertising is advertising that addresses political, religious, social or moral issues or related matters.

10. Advertisements of ~~alcohol and~~ tobacco products are prohibited in accordance with Board Resolution #94-36.

PROPOSED