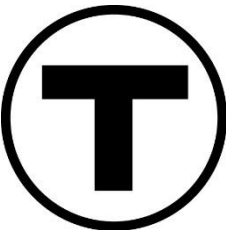


Advertising Policy

Proposed Changes for FMCB Review

11.13.2017



Overview: Summary of Action to Date

- The MBTA has a legislative obligation to maximize own source revenue, as well as an estimated \$50M operating deficit in FY18.
 - On 4/13/17: FMCB approved FY18 budget, which included a placeholder for a revised policy with respect to alcohol advertising
 - On 6/26/17: FMCB asked for additional information around policy options regarding the following:
 - Student utilization data
 - Revised implementation approach
- With the goals of meeting MBTA obligations to maximize own source revenue and reducing the budget deficit, staff recommends a limited re-introduction of alcohol advertising with a revised implementation timeline



Recap: Previous Recommendation

- Alcohol advertising is generally 3-10% of transit agency ad revenues, but policy choices determine the actual impact
- Most US transit agencies (and many MA municipalities) accept alcohol advertising and follow standard industry rules and regulations



Recap: Industry Rules and Regulations

- Outdoor Advertising Association standards prohibit outdoor alcohol advertising from being visible above ground within “500 feet of elementary and secondary schools, public playgrounds, and established places of worship”
- Beverage advertiser standards: do not place media unless at least 71.6% of the audience is 21+

Sources:

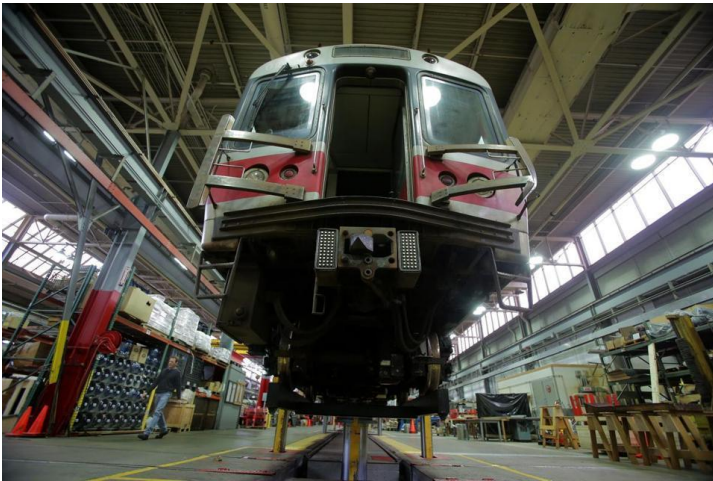
OAAA Code of Industry Principles, <https://oaaa.org/AboutOAAA/WhoWeAre/OAAACodeofIndustryPrinciples.aspx>

Federal Trade Commission (2014), “Self-Regulation in the Alcohol Industry,” <https://www.ftc.gov/system/files/documents/reports/self-regulation-alcohol-industry-report-federal-trade-commission/140320alcoholreport.pdf>



With \$2.5M in New Revenue from Policy Change...

Additional revenue would pay wage costs for **30** of the Operations Critical Hire positions the FMCB approved in the FY18 budget.



Maintenance of Way (15 roles, \$1.2M), Chief Engineer (2 roles, \$0.4M), Heavy Rail (5 roles, \$0.3M), Rail Maintenance (4 roles, \$0.3M), OCC & Training (4 roles, \$0.3M) proposed in 4/13/2017 Critical Hires presentation to the FMCB, and in FY18 Budget. 5



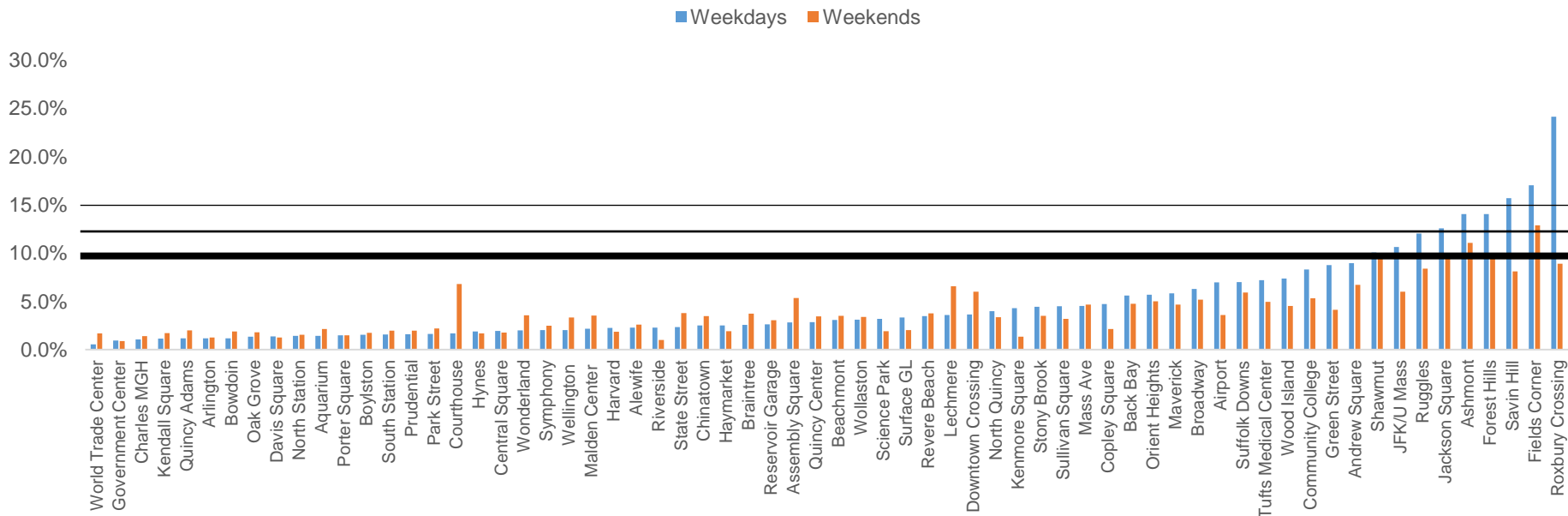
FMCB requested update on student utilization

- Used Student Pass taps as a percentage of total riders to understand student concentration on a station-by-station basis
- Similar to approach used by Chicago Transit Authority to administer their advertising policy



Student utilization of the system

Average Student Pass Usage by Station
Weekdays vs Weekends



Notes and Staff Recommendation:

- Student ridership as percentage of total riders generally higher during weekdays, with a few exceptions
- Assumed cutoff of 10% of weekday taps by Student Pass users for in-station alcohol advertising analysis



Results of Proposed Threshold

A policy that does not allow the advertisement of alcohol in stations with average student ridership above 10% on weekdays would result in no alcohol advertisements in the following stations:

- Shawmut
- JFK/Umass
- Ruggles
- Jackson Square
- Ashmont
- Forest Hills
- Savin Hill
- Fields Corner
- Roxbury Crossing



Revised implementation approach

Phase 1 (November 15, 2017 – January 31, 2018)

- In-station advertisements
 - Static: Only in stations with under 10% student pass daily mean ridership
 - Digital: Static images only, restricted on weekdays to after 4p
- Billboards
- Bus Shelters
- Exterior train wraps (maximum 15 at one time across the system)



Revised implementation approach (cont.)

Evaluation Period (January 16-31, 2018)

- Review Phase 1 implementation

Phase 2 (February 1, 2018)

- Digital: Review initial set of restrictions



Monitoring and continuous improvement plan

- Active monitoring by staff (Deputy Director of Advertising) for financial performance
- Informal discussions with members of medical community
- Quarterly updates to FMCB working group on advertising
- Staff to develop recommendations for FMCB working group during evaluation period for Feb 1 implementation



Next steps: to vote

Amend “Guidelines Regulating MBTA Advertising Adopted November 23, 2015,” Advertising Standards to:

DELETE section (b), subsection (iii) in its entirety, and

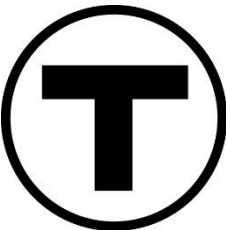
ADD “(c) Limited Display of Advertisements:

- i. Alcohol. The MBTA may display advertisements that advertise an alcohol product or a brand of alcohol products in the following limited circumstances only:
 - a) The advertisement appears in an MBTA rail station, bus shelter or billboard, provided however that no alcohol advertisements shall be affixed in rail stations where weekday average Student Pass usage exceeds 10% of station ridership, as determined by the MBTA in its sole estimation;
 - b) Up to fifteen (15) exterior full-body or Ultra Super King train wraps may be displayed across the MBTA subway system (Red, Green, Blue and Orange lines) at any one time, with a maximum of 4 per line;
 - c) In addition to these Guidelines, the Advertising Contractor shall ensure compliance with the Outdoor Advertising Association of America’s Code of Industry Principles as they concern alcohol advertisements.

The MBTA Advertising Manager may delay implementation of any part of this alcohol advertising policy for a period not to exceed 6 months.



Appendix



A sample of peer agencies accepting

