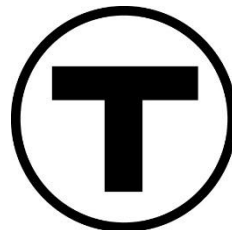


# Advertising - proposed policy changes

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06.26.2017



# Summary

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- 4/13/17: FMCB approved FY18 budget, which included placeholder for revised advertising policy
- 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
- Staff recommends a limited re-introduction of alcohol advertising to assist in assuring the fiscal sustainability of the MBTA



# A sample of peer agencies accepting



# What are the 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>



\$2.5M in additional advertising 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.



# Staff recommendation

## Proposed Scope

Permit advertising in select stations and specialty units, and limited number of train exteriors:

- No advertisements permitted on buses
- Vendor must comply with all industry standards, including 500 foot buffer rule for ads visible at street level from churches, schools, and playgrounds
- Exclude stations where Student Pass usage exceeds 10% of station ridership, as determined by the MBTA
- No more than 15 rail cars may have exterior wrap advertisements for alcohol products at any one time

**Expected results:** \$2.0 to \$4.5 MM in annualized revenue

