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Policies and Procedures

No. 21

SUBJECT:

Board Approval: 4/12/2018

MTS REVENUE-GENERATING DISPLAY ADVERTISING, CONCESSIONS, AND MERCHANDISE

PURPOSE:

To establish a policy and guidelines concerning a revenue-generating advertising, concessions, and merchandise program encompassing trolley stations, San Diego Metropolitan Transit System (MTS) property and facilities, and selected printed materials.

Advertising on bus shelters and benches within the public rights-of-way shall be governed by the policies of the applicable jurisdiction. The City of San Diego policy is included as Attachment A.

BACKGROUND:

Public transit operators and administration agencies have historically utilized advertising, concessions, and merchandising programs to supplement operational and capital funds. A sound advertising and concessions program can be a viable, alternative income source while promoting transit use and ensuring rider convenience and safety. This policy advances the advertising program's revenue-generating objective while also prohibiting advertisements that could detract from that goal, such as by harming advertisement sales, reducing ridership or tarnishing's MTS's reputation. MTS's justifications for its advertising program and policy include:

- 1) Generating advertising revenue;
- 2) Increasing ridership by promoting MTS's services, programs and benefits;
- 3) Informing MTS riders of local, state or federal programs, services or benefits;
- 4) Preserving ridership by avoiding controversial content;
- 5) Preventing the risk of imposing controversial views on a captive audience;
- 6) Preserving the marketing potential of the advertising space by avoiding controversial content;
- 7) Maintaining a position of neutrality on matters of public debate; and
- 8) Reducing the risk of diversion of resources from transit operations that are caused by controversial content.



POLICY:

It is the policy of MTS that advertising spaces on MTS property, which includes the exterior and interior of buses and light rail vehicles (LRVs), bus benches, bus shelters, related transportation facilities and selective printed materials, shall constitute a non-public forum subject to uniform viewpoint-neutral restrictions. This policy has been drafted to ensure a non-public forum status on its advertising spaces and MTS staff will accordingly enforce this policy with that intention.

The following guidelines will be reviewed by staff to reflect the current policies of the MTS Board of Directors and to reflect changes in the trends of social and economic acceptance and appropriateness of various forms of advertising and concessions.

21.1 Advertising - Procedure

21.1.1 Safety, rider convenience, and information needs will take precedence over revenue generation.

21.1.2 Quantity, quality, and placement of all advertising will be controlled by and subject to the specific approval of MTS.

21.1.3 MTS reserves the right to reject any advertisement that does not meet the MTS Board of Director's standards as set forth in this policy.

21.1.4 Upon written demand by the Chief Executive Officer on stated grounds that shall be reasonable, any advertisement or other display deemed to be noncompliant with this policy shall immediately be removed. No refund shall be made for the time such objectionable material was on display.

21.1.5 MTS reserves the right to allow exceptions to the policy if MTS determines that application of the policy as written would likely be unconstitutional in any particular situation.

21.2 Advertising - Permitted Content

The subject matter for all advertising materials displayed on MTS property shall be limited to Commercial Speech. Commercial Speech is speech that: does no more than propose a commercial transaction; or is an expression related solely to the economic interests of the speaker and its audience (e.g. promotes for sale, lease or other financial benefit a product, service, event or other property interest). Notwithstanding the above general rule requiring Commercial Speech, the following content are allowed:

21.2.1 MTS Operations Advertising that promotes MTS transit services, programs or products, including co-sponsorships with third parties that would increase ridership or otherwise support MTS's mission.

21.2.2 Public Service Advertisements from Local, State or Federal Governmental Agencies regarding public programs, public services and public events that are not otherwise prohibited under this Policy.

21.3 Advertising – Prohibited Content

No advertisement will be permitted that in whole or in part:

- a. intends to demean or disparage any individual, group, company, product or institution;
- b. contains false, deceptive or grossly misleading information;
- c. expresses or advocates an opinion, position or viewpoint on matters of public debate about economic, political, religious, social or moral issues;
- d. directly or indirectly refers to religion;
- e. is of a political or electoral nature;
- f. portrays, solicits or condones acts of violence, murder, sedition, terrorism, vandalism, or other unlawful acts against any individual, group, animal, company or institution;
- g. depicts nudity or portions of nudity that would be considered as pornographic, erotic or obscene. The rule of "public acceptance" should be used in such cases (i.e., if the advertisement has already gained public acceptance, then it may be considered as acceptable to MTS);
- h. contains messages or graphic representations of adult entertainment, such as escort services, adult telephone services, adult internet sites and other adult entertainment establishments;
- i. contains messages or graphic representations describing or suggesting explicit sexual acts, sexual organs, or excrement where such statements or words have as their purpose or effect of sexual arousal, gratification, or affront;
- j. promotes the use or ingestion of or offers in commerce the sale of alcohol, marijuana, tobacco, electronic smoking product or any other device that causes smoke, mist or vapor, firearms, or firearm-related products;
- k. condones any type of discrimination;
- l. contains profane language and/or appearance or suggestion of profane language;
- m. contains any material that is an infringement of copyright, trademark or service mark;
- n. implies or declares an endorsement of MTS of any service, product or point of view without written authorization from MTS;

- o. depicts unsafe transit behavior aboard buses, trolleys, rail line tracks or other transit facility;
- p. is reasonably foreseeable that it will result in harm to, disruption of, or interference with the normal operations of MTS's transportation system;
- q. conflicts with any applicable federal, state, or local law, statute, or ordinance;
- r. impedes vehicular or pedestrian traffic, restricts the visibility of directional/traffic signs and informational material, encroaches on necessary sight lines (e.g., driver/operator view of waiting patrons) or presents any other safety risks or hazards (e.g., flashing lights, sound makers, mirrors or other special effects);
- s. contains a website address or telephone number that directs visitors or callers to material that violates any of the prohibitions within this policy; or
- t. is mischaracterized as a commercial advertisement but upon examination is intended to distribute a non-commercial message.

21.4 Advertising – General Conditions

- 21.4.1 Advertising industry standard sizes will be used for all advertising treatments.
- 21.4.2 Advertising treatments will be maintained in "like-new" condition. Damage to the advertisement or its housing will be corrected within forty-eight (48) hours.
- 21.4.3 All advertisements shall clearly identify the sponsor(s).

21.5 Advertising - LRVs and Buses

- 21.5.1 LRVs and buses, may carry wrap advertising formats rather than conventional advertising formats, at the discretion of the Chief Executive Officer.
- 21.5.2 Transit information material may be placed inside LRVs and buses at the discretion of the Chief Executive Officer. Such information can include, in accordance with this policy, the promotion of regularly scheduled public transit routes that will serve major community events. The subject matter and proposed advertisement regarding such event must comply with the provisions set forth under this policy.
- 21.5.3 Super King and Mural formats are approved for acceptable use on buses. The size specification for the Super King is 226 inches x 30 inches and is placed between the front and rear wheel wells on the street side of the bus. Murals are defined as encompassing the space under the vehicle

passenger windows on each side of the bus and extending from the front of the bus to just past the rear wheel well.

21.6 Advertising - Transit Centers, Major Transit Points, Stations, and Stops

21.6.1 Advertising treatments (housings) will be designed to complement the architecture of the transit centers/stations and the flavor of the surrounding community. MTS plan specifications will be followed wherever applicable. Advertising treatments will be designed, constructed, and placed in accordance with all applicable local, state, and federal standards.

21.6.2 Any unsold display advertising space within transit centers, major transit points, and stations will be allocated for MTS related advertisements and displays.

21.7 Advertising - Printed Materials

21.7.1 Advertising space may be allowed in printed materials (e.g., timetables, maps, and informational brochures) at the discretion of the Chief Executive Officer.

21.7.2 Advertising space may be allowed on the reverse side of regional passes, tickets, and transfers at the discretion of the Chief Executive Officer.

21.7.3 No advertising space shall supersede necessary transit information and/or regulations.

21.7.4 At the discretion of the Chief Executive Officer, MTS may allocate space in printed materials to inform transit customers about private entities actively participating in transit services (e.g., pass and ticket-sales outlets).

21.8 Concessions

21.8.1 Concession formats, quantity, and placement will be approved and controlled by the MTS Board of Directors.

21.8.2 Contracts for any concession format or related development will be awarded in accordance with existing MTS policies.

21.8.3 During hours of business, concessionaires will provide the public with transit information materials as directed and supplied by MTS or its designated representative.

21.8.4 Concession treatments/structures will be designed to complement the architecture of the transit centers/stations and the flavor of the surrounding community. MTS plan specifications will be followed wherever applicable. Concession treatments/structures will be designed, constructed, and placed in accordance with all applicable local, state, and federal standards.

21.8.5 Concession treatments/structures will not impede vehicular or pedestrian traffic, will not restrict the visibility of directional signs and informational materials, and will not encroach on necessary sight lines.

21.8.6 Concessionaire contracts will include remittance to MTS on a monthly basis.

21.8.7 Any and all concession on-site signing and displays will be in accordance with existing MTS policies and subject to approval of the Chief Executive Officer.

21.9 Merchandise

21.9.1 Any and all system-related merchandise will be of the highest available quality and project a positive transit image.

21.9.2 Merchandise licensing agreements and royalty payments will be made in accordance with existing MTS policies.

21.10 Revenue

All revenue received from any form of advertising shall be accrued according to MTS policy and allocated during the annual budget process.

21.11 Contractor Services

MTS may engage contractor(s) services for the development, implementation, management, and maintenance of advertising, concessions, and/or merchandise programs in conformance with existing MTS Board of Directors policies and in the best interests of MTS.

Attachment A – City of San Diego Advertising Policy

Original Policy approved on 5/9/1983.

Policy revised on 6/6/1985.

Policy revised on 7/9/1987.

Policy revised on 6/23/1988.

Policy revised on 3/22/1990.

Policy revised on 3/14/1991.

Policy revised on 4/9/1992.

Policy revised on 5/12/1994.

Policy revised on 8/11/1994.

Policy revised on 6/22/1995.

Policy revised on 3/27/1997.

Policy revised on 6/11/1998.

Policy revised on 2/22/2001

Policy revised on 2/26/2004.

Policy revised on 12/10/2009.

Policy revised on 6/18/2015

Policy revised on 1/18/2018

Policy revised on 4/12/2018

ATTACHMENT A

MTS POLICY NO. 21

CITY OF SAN DIEGO
ADVERTISING POLICY

Subject:

ADVERTISING ON BUS STOP SHELTERS AND BENCHES

Background:

The City of San Diego (City) entered into a Memorandum of Understanding (MOU) with the Metropolitan Transit Development Board (MTS), adopted July 25, 1988, and amended February 25, 1991, and June 21, 1999, authorizing MTS to install bus stop shelters and bus benches in public rights-of-way in the City. Pursuant to the MOU, MTS contracted with third parties for the construction, installation, and maintenance of the bus stop shelters and benches. In exchange, MTS's contractors receive the proceeds from the sale of advertising space on the shelters and benches.

MTS regulated the content of the advertising placed on the bus stop shelters and benches according to its Policies and Procedures No. 21. After advertising containing a religious message was removed pursuant to that policy, valid concerns were raised that the policy may violate due process and first amendment rights governing public speech.

Purpose:

It is the intent of the City Council to establish a policy governing advertising on bus stop shelters and benches in the public rights-of-way within the City that will be included by amendment in the MOU between the City and MTS, and administered by MTS.

It is the further intent of the City Council to prohibit advertising on bus stop shelters and benches of alcoholic beverages, tobacco products, and firearms in recognition of the fact that many public transit patrons are minors, that possession of these products by minors is illegal and dangerous, and that advertising is a persuasive medium for encouraging the use of these products by minors.

This policy applies only to advertising space located in designated areas on bus stop shelters and benches, as described in the MOU between the City and MTS.

Policy:

Advertising on Bus Stop Shelters and Benches:

1. In its agreement with its advertising contractors, MTS shall reserve the right to reject any advertisement, commercial or noncommercial, which does not meet the standards set forth in this policy.
2. All advertising posted on bus stop shelters and benches must conform to the following criteria:

- A. Defamatory Advertising. No advertising will be permitted that falsely disparages any person, product, or company, or that is likely to damage the reputation of any person, product, or company.
 - B. Advertising Condoning Criminal Conduct. No advertising will be permitted that is likely to incite or produce imminent unlawful activity.
 - C. Obscene Advertising. No advertising will be permitted that contains obscene matter or matter harmful to minors, as defined in California Penal Code Sections 311 and 313.
 - D. False Advertising. No advertisement will be permitted that contains false or grossly misleading information.
 - E. Alcohol, Tobacco, and Firearms. No advertisement will be permitted that promotes the sale of alcoholic beverages, tobacco or tobacco products, or firearms.
 - F. Existing Laws. All advertisements must conform to applicable federal, state, and local laws.
3. The City may make demand upon the Chief Executive Officer of MTS for the removal of any advertisement, commercial or noncommercial, that does not conform to this policy. Such demand shall be in writing and shall state reasonable grounds for the demand. MTS shall consider and act upon the demand in accordance with this policy.