



Board Report

File #: 2026-0217, File Type: Policy

Agenda Number: 27.

**EXECUTIVE MANAGEMENT COMMITTEE
MAY 21, 2026**

SUBJECT: STATION NAMING RIGHTS - CATHAY PACIFIC

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

WITHDRAWN:

~~APPROVE the Cathay Pacific Corporate Sponsorship Proposal for the naming rights of the LAX/Metro Transit Center Station for five years upon execution of the agreement.~~

ISSUE

As Metro works to deliver world-class mobility for Angelenos and visitors, the agency maximizes responsible revenue generation opportunities from its existing assets.

Metro's transit system represents one of the largest and most visible public platforms in the United States. With millions of riders annually and extensive reach across Los Angeles County, Metro's network of buses, trains, stations, digital screens, and facilities represents a powerful media platform within the nation's second-largest designated market area (DMA).

BACKGROUND

Metro's advertising program operates through contracted media partners and is governed by the agency's System Advertising Policy. Metro does not directly sell advertising inventory. Instead, advertising revenue is generated through two contracted media agencies operating under agreements through 2030:

- Intersection - Rail advertising assets including trains, stations, digital displays, and wallscapes
- OUTFRONT Media - Bus fleet advertising

Under this structure, Metro staff provide policy oversight, advertising approvals, and strategic direction. The advertising agencies manage sales, contracting, production, installation, and revenue collection.

In 2016, Metro adopted a Corporate Sponsorship and Naming Rights program as part of the Property Naming Policy. However, in February 2017, the Board removed the sponsorship program while staff conducted additional research and evaluation regarding its potential impacts.

Since that time, many major transit systems across North America and internationally have successfully implemented sponsorship and naming rights programs that generate significant recurring revenue while maintaining strong brand protections.

Examples include:

- Chicago Transit Authority
- Metropolitan Transportation Authority (New York)
- Southeastern Pennsylvania Transportation Authority (Philadelphia)
- Transport for London

These programs demonstrate that carefully structured sponsorship frameworks can generate substantial non-fare revenue while maintaining transit system integrity.

Corporate sponsorship and naming rights programs have been successfully implemented by transit systems across North America and internationally.

Examples include:

- NRG Station - Philadelphia (SEPTA)
- Wawa Station - Philadelphia (SEPTA)
- BET/MGM Meadowlands Rail Line - New Jersey Transit

These partnerships generate recurring revenue while enhancing station environments and strengthening relationships between transit systems and major brands.

Over the past three years, staff have shifted Metro's advertising program from a transactional, short-term sales model to a long-term, brand-forward strategy designed to position Metro as a premium media platform while maintaining strong oversight and brand protections.

In 2022, Metro approved a 12-month HBO station takeover at Culver City Station in valued at \$750,000, which was extended in 2023 for \$880,000, demonstrating strong advertising demand and positive market reception. In March 2024, the Board approved another 12-month HBO Max advertising campaign at Culver City Station, projected to generate approximately \$616,000 in estimated net revenue.

In November 2024, staff informed the Board that strategic advertising policy updates could generate up to \$70 million annually in future advertising and sponsorship opportunities.

DISCUSSION

Cathay Pacific Corporate Sponsorship at LAX/Metro Transit Center

The proposed Cathay Pacific partnership represents a significant milestone in this strategy. The LAX/Metro Transit Center (MTC) serves as one of the region's most important transportation

gateways, connecting travelers arriving at Los Angeles International Airport to the regional transit network. As Los Angeles prepares to host several global mega-events-including the FIFA World Cup 2026, Super Bowl LXI, and the 2028 Olympic and Paralympic Games-this station will play an increasingly prominent role in welcoming visitors to the region.

Through this sponsorship agreement, Metro would secure a five-year partnership with a globally recognized airline brand while generating approximately \$10 million in sponsorship value over the term of the agreement.

Proposed Deal Terms:

- **Term:** Five years
- **Naming Rights Convention:** Cathay Pacific/LAX/Metro Transit Center
- **Station Media:** All static station domination elements and a portion of the deployed station digital, as well as the future large-scale LED screens that will be deployed later this year.
- **Supporting Media:** 13 train wraps

Total Media Revenue: \$8,001,868 paid by Cathay

- Media Revenue is defined as the cost to purchase the advertising space and naming rights elements. The \$8,001,868 in Media Revenue will be treated as “Net Revenue” as defined in the Advertising Agreement between Intersection and Metro. Based on the Advertising Agreement and the 60% revenue share from now until February 28, 2028, and 70% revenue share from March 1, 2028 - February 28, 2030, **Metro will receive approximately \$5.3M in payments over the 5-year term.**

Additional Revenue at MTC

- As part of the naming rights deal, Cathay will only receive a portion of screen time on digital displays at the station. Metro expects to generate significant additional revenue on the to-be-deployed large format digital displays and the six existing 75” displays already deployed at the station. Staff and Intersection estimate additional \$1 million per year on digital displays from clients that do not directly compete with Cathay (e.g., other Airlines). The current deal with Cathay does not include the train station retail space - which staff believes can be monetized by other advertisers who do not compete with Cathay.

World Cup Period

- Intersection is working on a deal for Cathay to take over the domination at MTC from Pechanga Casino for the World Cup period. Based on the current proposal, if the larger naming rights deal is approved, the cost of the domination will be included in the overall deal. If the larger naming rights deal does not close, Cathay will pay the cost of the domination.

Restrictions

- Cathay will have the right to all static advertising signage at the Station. They will also get a to-be-determined portion of time on the digital displays. Intersection will sell advertising on the digital displays to other brands, but brands that directly compete with Cathay (e.g. Delta, American Airlines, etc.) will not be permitted to purchase digital or static ads at the Station. As detailed above, Intersection expects to generate additional revenue of \$1M per year from non-

competitive advertisers on the digital displays.

- **Station Signage and Maps.** As part of the deal, the new station name will appear at MTC station, Metro Maps and other station signage across the system. Fabrication and installation of signage at the station and the name of the new station will be incorporated systemwide within an estimated 120 days after the agreement is finalized.
- **Non-Cancellable.** This contract will be non-cancellable by Cathay Pacific Airways with the exception of a very limited termination clause in the event of a catastrophic event (e.g. if the station is no longer accessible or other force majeure events). Metro has the right to terminate the agreement in the event of an issue with Cathay (e.g. bankruptcy, a serious controversy involving Cathay, etc.).
- **Cathay Obligations.** For the avoidance of doubt, this is an advertising deal and Cathay will have no obligations in regard to maintenance or operation of MTC station. All operation and maintenance of the advertising assets will stay with Metro and Intersection.

Importantly, the proposed agreement reflects a value-focused approach to advertising rather than an expansion of advertising volume. Staff remain committed to protecting the integrity of the transit environment and creating a clean, comfortable customer experience. Under this agreement:

- Metro retains final approval authority for all advertising content
- Design standards ensure advertising does not interfere with wayfinding, safety communications, or the passenger experience

This approach allows Metro to generate meaningful revenue while preserving the clarity, accessibility, and civic character of the transit system.

Marketing Analysis from Intersection

Intersection is the only company that has successfully sold similar naming rights deals at other transit authorities. Based on Intersection's experience, market analysis and a prolonged negotiation with Cathay Pacific, the proposed Cathay deal is at or above market value. For reference, the current station domination is generating \$525K per year from Pechanga Resort Casino. The Cathay deal generates more than 3x the current deal.

Based on Intersection's experience, staff are confident that \$10M over 5 years is at or above market. At \$1.7M per year, this deal represents a 43% premium over the largest transit naming rights that Intersection has negotiated in other markets. \$1.7M per year is especially rich considering that (i) Cathay's original offer was less than \$1M per year and (ii) the fact that the current ridership at MTC is significantly lower than stations in other markets where naming rights deals Intersection sold for \$1M or less.

FINANCIAL IMPACT

The Cathay Pacific sponsorship agreement is expected to generate approximately \$5.3 million in revenue to Metro after the agency revenue split.

There is no impact to the current FY26 Budget. This sponsorship revenue is part of the Adjusted

Minimum Annual Guaranteed (MAG) contract with Intersection approved by the Board on March 16, 2023, with the annual year end revenue true-up. Revenue generated from this agreement will support Metro's operating and capital programs and reduce reliance on public funding sources.

Cathay Pacific is responsible for the \$1.6M in production costs over the 5-year term. Production costs include production, installation and removal of advertising signage in the station and the train wraps.

Impact to Budget

Commercial Advertising and Sponsorship revenues are eligible for bus and rail operating and capital expenses.

EQUITY PLATFORM

In compliance with the Commercial Sponsorship Policy's equity component, revenues from this sponsorship will fund the operations and maintenance costs of the LAX/MTC Station.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lower in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit. Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's strategy to reduce vehicle miles traveled by strengthening the agency's ability to invest in transit operations and customer experience improvements that encourage ridership. By enabling responsible revenue generation through premium advertising inventory and corporate sponsorship opportunities, this item provides additional resources to support transit operations and enhance the attractiveness of the transit system. Metro's Board-adopted VMT reduction targets designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This item supports several goals outlined in **Metro's Vision 2028 Strategic Plan**, including:

- **Goal 1: Provide high-quality mobility options that enable people to spend less time traveling.**

Revenue generated through advertising and sponsorship programs supports Metro's ability to invest in transit service, system reliability, and customer experience improvements that enhance mobility options throughout the region.

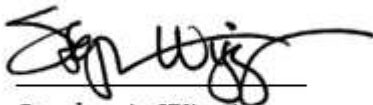
- **Goal 3: Enhance communities and lives through mobility and access to opportunity.**
By leveraging private-sector partnerships to generate non-fare revenue, Metro can continue to expand programs that improve access to jobs, education, healthcare, and other essential destinations.
- **Goal 4: Transform LA County through regional collaboration and national leadership.**
The Cathay Pacific partnership positions Metro as a leader in innovative transit partnerships and demonstrates the agency's commitment to maximizing the value of public infrastructure assets.
- **Goal 5: Provide responsive, accountable, and trustworthy governance.**
This item will enable Metro staff to establish a clear framework for evaluating corporate sponsorship and naming rights opportunities while ensuring that all partnerships align with Metro's policies, values, and brand standards.

NEXT STEPS

Upon Board approval, staff will finalize the corporate sponsorship agreement with Cathay Pacific for LAX/MTC.

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File # 2026-0217: STATION NAMING RIGHTS – CATHAY PACIFIC

May 21, 2026

Executive Management
Committee



File # 2026-0217: CATHAY PACIFIC CORPORATE SPONSORSHIP PROPOSAL FOR LAX/MTC NAMING RIGHTS

RECOMMENDATION

APPROVE the Cathay Pacific Corporate Sponsorship Proposal for the naming rights of the LAX/Metro Transit Center Station for five years upon execution of the agreement.

Proposed Cathay Pacific LAX/MTC Sponsorship Elements






- Five-year term
- All existing domination media at the station
- Official station name change on maps, signage, and announcements
- Portion of deployed station digital assets
- 13 train wraps
- Retail space excluded, as is the roof



Media Value/Production Cost/Metro Revenue Share Breakdown

Year	Total Media Revenue	LA Metro Share of Media Revenue %	LA Metro Share of Media Revenue \$	Production Cost	Total
Year 1 ('26-'27)	\$1,531,500	60%	\$918,900	\$369,401	\$1,900,901
Year 2 ('27-'28)	\$1,546,545	60%	\$927,927	\$356,389	\$1,902,934
Year 3 ('28-'29)	\$1,592,941	70%	\$1,115,058	\$363,517	\$1,956,458
Year 4 ('29-'30)	\$1,640,730	70%	\$1,148,511	\$370,787	\$2,011,517
Year 5 ('30-'31)	\$1,689,952	70%	\$1,182,966	\$378,203	\$2,068,154
Total Cost *	\$8,001,668		\$5,293,362	\$1,838,297	\$9,839,964

Comparison to Other Transit Agency Sponsorship Naming Rights Deals

Transit Authority	Brand	Description	Initial Term	Average Annual Revenue
	Cathay Pacific	Proposed deal to rename LAX MTC Station for a 5-year term.	5 Years	\$1.7M
	NRG	NRG's sponsorship transformed the Broad Street Line's southern terminal into NRG Station, creating a high-impact connection between the brand and Philadelphia's sports and entertainment district while cementing visibility across all rider touchpoints	5 years + extensions	\$1M
	Penn Medicine	The University of Pennsylvania Health System renamed the University City Station as Penn Medicine Station.	5 years + 4 year extension	\$680K
	Drexel University	Naming rights deal for the SEPTA portion of 30th Street Station in Philadelphia	5 years + 5 year extension	\$600K
	BetMGM	BetMGM's sponsorship of the Meadowlands Rail Line integrated the brand into New Jersey's sports and entertainment ecosystem, placing it top-of-mind for fans traveling to MetLife Stadium and beyond	3 years	\$1M

Examples of potential signage





Thank you/Questions

May 2026