



November 6, 2020



**Audit of Out-Of-Home Advertising
Services – Intersection Media, LLC
(PATCO)**

Performed by:

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AUDIT OF OUT-OF-HOME ADVERTISING SERVICES

INTERSECTION MEDIA, LLC

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Exhibit A – DRPA /PATCO Advertising Standards

DELAWARE RIVER PORT AUTHORITY
OFFICE OF THE INSPECTOR GENERAL
AUDIT OF OUT-OF-HOME ADVERTISING SERVICES
INTERSECTION MEDIA, LLC

A. Objective / Scope / Methodology

The Office of the Inspector General (OIG) conducted an audit of PATCO's Out-of-Home Advertising Services. The audit was conducted by Mark Zitzler, Auditor. Intersection Media, LLC (Intersection) was awarded the contract, dated February 12, 2019, to supply and furnish professional advertising services for PATCO facilities, stations, parking lots, train cars and right-of ways in accordance with the terms and conditions documented within said contract. As part of the revenue sharing terms updated within this contract's Amendment 1 (dated September 17, 2019), Intersection will provide PATCO the greater of i) a minimum annual guaranteed revenue totaling \$2,740,000, or ii) a contingent fee of 65% of the net revenue earned over the contract's 5 year term. The audit objectives included:

- evaluating the procurement of the contracted services to assure compliance with DRPA procurement procedures and retention of required supporting documentation;
- assessing PATCO's contract management practices and controls in place to assure delivery of services as agreed upon within the subject contract (and amendments); and,
- assuring contracted revenue sharing terms are effectively executed, and that revenue is received in a timely manner, accurately calculated, and properly supported.

The scope of our audit covered services provided from the inception of this contract to date.

To assist in the evaluation of the Intersection audit, OIG was provided access to requested information and documentation, including:

- documentation related to procurement of Out-of-Home advertising services, including proposals and bid evaluations;
- the contract between PATCO and Intersection, including Amendment 1;
- "read only" access to supporting financial documentation for the monthly cash receipts' journal entries (within SAP);
- Authority Advertising Standards policy; and,
- contractually required insurance documentation (Intersection).

In addition to being provided the documentation noted, OIG communicated with the PATCO General Manager (GM), PATCO Director of Finance, and the Procurement Department's Contract Administrator during the course of the audit.

B. Background

Intersection sells static in-station assets including 2 sheet, floor graphics, window graphics, column sheet posters, parking lot banners, as well as on-car media including interior car cards, Michelangelos, ceiling wraps, seatbacks, Exterior Ultra Super Kings, and full wraps.

Per Authority Summary Statement and Resolution PATCO 18-013, Intersection (formerly Titan, which merged with Control Group in 2015 to form Intersection) has been providing out-of-home advertising services to PATCO since 2008. As of 8/31/2018, PATCO has earned \$6,486,350 in advertising revenue.

Based on Authority Summary Statement and Resolution PATCO 18-013:

- the terms of the current agreement are for a period of five years, which started on November 6th, 2018 and will expire on October 30, 2023;
- the scope of the service requires Intersection to supply and furnish professional advertising services for PATCO facilities, stations, parking lots, train cars and right-of ways in accordance with the terms and conditions documented within said contract; and,
- the compensation that Intersection was to pay PATCO was the greater of 65% of the net revenue generated by Intersection or a minimum guaranteed amount of \$500,000 per year (total of \$2,500,000 for five years).

For the first year of the contract, Intersection would sell advertising spots on PATCO's existing in-station digital displays, then forwards the content to PATCO personnel, who manually update the content on the displays. The first amendment of the contract was effective September 17th, 2019, after the first year of the contract. Per the first amendment, in order to create new transit related advertising opportunities, Intersection proposed to upgrade the internal computing hardware in each of the PATCO in-station displays to integrate with Intersection and enable individual addressability and real-time updates via Intersection's IxNConnect platform.

Below is an example of the live feed of the display using the IxNConnect software.

Live View



DISPLAY NAME
12th/13th & Locust-
EastLobby (ad1-pa-
001432)

SCREEN TYPE
IxNSight

TIMESTAMP
3:06:39pm



The IxNConnect platform was implemented at the Lindenwold to Ferry Avenue stations (23 displays), however, progress on implementing the new platform at the remaining stations' displays was halted in March 2020 due to the COVID19 pandemic. The old technology was still being used at Broadway station through the 15th Street station (27 displays). Intersection ran into a problem that stopped their progress in implementing the new platform, and they were awaiting parts from suppliers that had been delayed due to the pandemic. It was communicated that advertising was being displayed using both the old and upgraded delivery platforms.

The remaining 27 displays were activated with IxNConnect by August 2020. This required Intersection's field operations representatives to install new hardware to the remaining displays. On September 1, 2020, an email was sent from Intersection to PATCO indicating that all PATCO stations had been activated with IxNConnect.

Per the first amendment, the minimum guaranteed revenue amount was increased to \$560,000 per year starting in November 2019, the beginning of the second year of the contract. This increased the total minimum guaranteed amount of the contract to \$2,740,000, since it was \$500,000 for the first year and now \$560,000 for years 2 - 5.

PATCO was to pay a total of \$125,000 in 2019 as a one-time setup fee for the hardware modifications to existing PATCO LCD screens. PATCO was to be invoiced once all displays were setup. PATCO was invoiced \$120,000 in October 2020 for the setup fee.

PATCO is to then pay \$120,000 a year (years 2 - 5) for Software License fees.

Intersection believes that the revenue uplift will be approximately \$200,000 per year, which will more than cover the costs in addition to increasing the customer experience.

The responsibility of the Intersection contract oversight primarily falls under the PATCO General Manager. The Contract Administrator is accountable for the procurement process and handles any contractual issues. The PATCO Director of Finance oversees the revenue compliance and reporting/accounting and receives monthly payments from Intersection.

C. Audit Summary

Based on conversations with PATCO management and testing performed, OIG determined that the Intersection Out-of-Home Advertising services are functioning and are being managed in compliance with the executed contract requirements, with the exception of compliance with the Authority's Advertising Standards (Exhibit A). In summary, based on the completion of our audit, the following was determined and communicated to the PATCO General Manager, Director of Procurement, the Director of Finance (PATCO), and the General Counsel:

- Procurement of the contracted services was in compliance with DRPA procurement procedures.
- The preliminary review and approve requirements within the Authority's existing Advertising Standards was not observed. This required step is to proactively assure that only authorized content can be displayed on PATCO trains / facilities. A recommended procedure for PATCO management to review, approve, and retain all monthly advertisements before they are displayed was developed and implemented by the PATCO General Manager during the audit.
- Intersection's insurance is in place per contractual requirements.
- All recorded monthly revenue payments had proper supporting documentation and were accurately calculated.
- Payments received in the first year totaled \$651,050, which exceeded the minimal annual guaranteed amount of \$500,000 for the first year of the contract and the payments made to PATCO were calculated properly at 65% of revenue generated.
- The actual and year-to-date advertising income vs. budgeted amounts are reported to the Authority's Board of Commissioners each month.
- The positive projected cost/benefit of implementing the recommended and agreed upon Intersection IxNConnect technology platform (documented within contract Amendment #1)

is unlikely to be achieved due to the effect of the COVID19 pandemic on recent advertising revenues reported. PATCO management is currently seeking to revisit the terms of Amendment #1 with Intersection to address the anticipated new costs and failure to realize the increased revenue projected by Intersection. PATCO's General Manager will keep OIG apprised of the negotiation progress and finalized / authorized changes to the contract terms.

These summarized findings and associated recommendations are presented in more detail within the report.

D. Procurement Process

As documented within Summary Statement and Resolution PATCO 18-013, a request for proposal was posted on DRPA's website on July 26, 2018. Two firms expressed interest, attended the mandatory pre-bid meeting, and supplied proposals for the Authority's consideration. A review team consisting of both PATCO and DRPA staff reviewed and evaluated the proposals based on technical and revenue merit. Staff's evaluation process supported their recommendation to award the out-of-home advertising services contract to Intersection.

OIG reviewed the proposals and documented evaluations and found them in good order.

Request for Proposals (RFP)s and bid evaluations were all accounted for and properly retained on file in compliance with existing records retention policy requirements.

E. Contract Management / Compliance

OIG reviewed the contract to ensure effective PATCO's contract management practices and controls are in place to assure delivery of services as agreed upon within the subject contract (and amendments).

PATCO Advertising Approval

In accordance with the associated contract language, "All advertising that is displayed on the rights-of-way and property of PATCO shall conform to the DRPA / PATCO Advertising Standards. Whenever an advertisement is presented to the CONSULTANT that may be objectionable or not in conformance with said standards, the advertisement shall be presented to PATCO for review. PATCO shall make the final determination of whether an advertisement will be posted. Any advertisements that are determined not to be in compliance with DRPA / PATCO Advertising standards shall be removed by the CONSULTANT at the direction of PATCO, at no cost to PATCO, and within 24 hours of notification."

The procedures within the referenced Advertising Standards (Exhibit A) further go on to state, "All proposed transit advertising must be submitted to PATCO for initial compliance review." The levels of review at PATCO are the DRPA's Office of Business Development & Equal Opportunity, DRPA's Legal Counsel, and the PATCO General Manager.

OIG reviewed the DRPA / PATCO Advertising Standards and inquired with the PATCO GM about the review and approval process and if there have been any advertising issues. Although there have not been any issues as they relate to this current contract, the PATCO GM communicated that there were two issue from previous years in which he provided documentation. One was related to politics and the other was related to violence. There were also several other noted situations where Intersection reached out to PATCO for approval and they were approved without issue.

OIG also reached out to the DRPA's Office of Business Development & Equal Opportunity and DRPA's General Counsel, both which were not aware of being presented with any requests to review proposed advertising content since the beginning of this contract (and who's involvement is referenced with the Authority's Advertising Standards).

Audit Finding #1: Through OIG's observation and inquiry with the PATCO GM, it was noted that PATCO only reviews advertisements that are brought to their attention by Intersection. The proactive review / approval control to prevent publishing and display of unauthorized / inappropriate content was not demonstrated on a consistent basis, as required by the Authority's referenced Advertising Standards.

Audit Recommendation #1: In accordance with the Authority Advertising Standards, all proposed transit advertising must be submitted to PATCO for a preliminary compliance review and approval.

The retention period of the advertising / promotional documents, including the new review / approval documentation, should be established and retention requirements added to the Authority's Records Retention Schedule (RRS).

Management's Response #1: The PATCO General Manager concurs with the findings and recommendations. During the audit, the PATCO General Manager reached out to Intersection and together developed a process to have all proposed advertisements sent to PATCO before the advertisements run each month. The PATCO General Manager (or a designated representative) will review and approve all advertisements in advance, subsequently notifying the advertising firm (in this case, Intersection) of approval to move forward or disapproving the proposed advertisement / client. Prior to the issuance of this report, OIG has been provided with documentation demonstrating PATCO management's implementation of the recommended review / approval process which will be followed by PATCO management for all future advertising proposals.

Note: Working with PATCO's General Manager, OIG reached out to the Authority's Records Manager, Office of the General Counsel, to obtain the recommended retention period for the Advertisement Review / Approval documentation. The Authority's Records Manager suggested that this new documentation should be referenced within the "Advertising and Promotions" records with a retention period of two years. The Records Manager confirmed that the Authority's RRS was subsequently updated to reflect the new PATCO record named "Approval of Proposed Advertising" [Office of General Manager (PATCO)], with a retention requirement of two years.

Contractual Insurance Requirements

Based on the contract, Intersection is required to provide insurance. Section D of the contract provides insurance requirements. Insurance was requested and obtained from PATCO Management by OIG. The following three insurance documents were obtained:

- Media Professional Liability, Cyber Liability (dated 12/15/2019 to 12/15/2020)
- Workers Compensation and Employers' Liability (dated 04/06/2020 to 04/06/2021)
- Commercial General Liability, Automobile Liability, Umbrella Liability (dated 10/15/2019 to 10/15/2020)

Subcontractors / Subcontracting

The governing contract requires that prior written approval by PATCO is needed for any subcontracting other than those included in the contract. The PATCO General Manager informed OIG that there has not been any subcontracting by Intersection.

F. Contract Financial Performance

OIG reviewed the monthly advertising revenue sharing payments and supporting documentation received from Intersection for the period of November 2018 to June 2020 (June 2020 was the last payment recorded at the time of the audit). The PATCO Finance Director informed OIG that the monthly revenue payments received from Intersection are generally reviewed by PATCO Finance for monthly trends, up/down changes in payment vs. prior activity, digital vs. non-digital share, but more thoroughly investigate specific revenue calculations if something appears inaccurate.

The revenue is recorded in the month following when the revenue is generated, which is when the payment is received. The process for recording the Intersection payments is to enter the revenue directly upon receipt of the funds, rather than establish a recurring receivable. According to the PATCO Finance Director, creating a standing monthly receivable is not performed mainly due to the fact that monthly revenue amounts are not fixed, nor known in advance; the exact value of the monthly revenue payment is not known until PATCO receives notification from Intersection just before receipt of payment.

The advertising revenue received for Intersection is budgeted for each year. The budgeted advertising revenue amount for the Years 2019 and 2020 were \$650,000 / year. The actual and year-to-date advertising income vs. budgeted amounts are reported to the Authority's Board of Commissioners each month as part of PATCO's monthly financial statement report within the Monthly Board Meeting documentation. The actual amount of advertising revenue received in 2019 was \$685,871, which exceeded the budgeted amount by 5.52% (or \$35,871).

PATCO had been receiving physical monthly advertising revenue checks through March 2020, but effective April 2020, as a result of the COVID19 pandemic, monthly advertising revenue was processed using ACH electronic payment. OIG confirmed that all advertising payments were recorded to the specified "PATCO Station Adv Revenue Account".

OIG reviewed the documentation to ensure payments were received with the correct amount based on the supporting documentation and were received on a timely basis (due 30 days after the last business day of each month). Three (15%) of the 20 monthly revenue payments reviewed did not have proper supporting documentation attached within SAP at initial point of review, but OIG was

able to obtain the required supporting documentation from the PATCO Finance Director upon subsequent request. All payments were supplied by Intersection and received by PATCO on a timely basis and in compliance with contractual expectations.

Based on Authority Summary Statement and Resolution PATCO 18-013, OIG confirmed that the compensation Intersection paid PATCO was the greater of 65% of the net revenue generated by Intersection or a minimum guaranteed amount of \$500,000 per year (total of \$2,500,000 for five years).

At the end of each contract year, PATCO receives an annual accounting statement from Intersection to report the amount paid to PATCO. OIG reviewed the annual accounting statement from the first year (November 2018 to October 2019) to ensure the MAG (minimum amount guaranteed) was met. PATCO received \$651,050, which is 65% of the total revenue reported (\$1,001,615) as received by Intersection. This amount exceeds the minimum guaranteed amount of \$500,000 by \$151,050 (or 30%).

Based on the contract language, Intersection is entitled to deduct 2% of billing preceding each semi-annual period for bad debt. OIG confirmed with the PATCO General Manager that this bad debt billing allowance is not being utilized, and there have been no instances of bad debt encountered.

Contract Amendment #1 (Follow-up item):

Since the second year of the contract is not complete until October 2020, OIG was unable to analyze the cost / benefit of adding IxNConnect. Below is a summary of the revenue payments that PATCO received at the time of the audit for year one of the contract (November 2018 to October 2019) and year two (November 2019 to October 2020).

Contract Year 1

Month	Total Payment
Nov-18	\$ 41,667
Dec-18	\$ 41,667
Jan-19	\$ 145,777
Feb-19	\$ 27,330
Mar-19	\$ 26,260
Apr-19	\$ 30,372
May-19	\$ 57,178
Jun-19	\$ 56,669
Jul-19	\$ 31,472
Aug-19	\$ 28,418
Sep-19	\$ 78,425
Oct-19	\$ 85,815
Total	\$ 651,050

Contract Year 2

Month	Total Payment
Nov-19	\$ 76,488
Dec-19	\$ 51,937
Jan-20	\$ 35,207
Feb-20	\$ 43,510
Mar-20	\$ 34,714
Apr-20	\$ 15,016
May-20	\$ 11,264
Jun-20	\$ 41,406
Jul-20	\$ -
Aug-20	\$ -
Sep-20	\$ -
Oct-20	\$ -
Total	\$ 309,542

There was a significant decrease in April 2020 and May 2020 monthly revenue payment value, which could be directly attributed to the COVID19 pandemic.

Intersection suggested that by adding their IxNConnect platform it would increase advertising revenue by \$200,000 annually, which would translate to PATCO receiving an additional \$130,000 / year (based on the 65% revenue share). In order to achieve the \$130,000 increase, PATCO would need to total \$781,050 for the second year of the contract (November 2019 to October 2020) in order to meet this increase. With four months left in the contract year, PATCO would need to receive \$471,508, or \$117,877 per month, to meet this total; this seems unlikely based on the current COVID19 restrictions and safety precautions placed upon the public transit industry and recent monthly revenue values reported. Additionally, PATCO was invoiced \$120,000 in October 2020 as a one-time setup fee for the IxNConnect hardware.

PATCO is due to pay Intersection \$120,000 per year for the software for years 2020 to 2023. PATCO has not yet made any payments for the software and is in the process of negotiating the existing contract terms with Intersection to suspend the software payments for the short term due to the pandemic and the fact that the increase in revenue is not currently being realized. The PATCO General Manager has agreed to supply OIG with the outcome of the negotiated terms once completed and authorized, as well as supply OIG with the finalized revenue activity for the current contract year (November 2019 through October 2020).

DRPA / PATCO ADVERTISING STANDARDS

A. PURPOSE

This Transit Advertising Policy (“Advertising Policy”) applies to the posting of all new advertisements on transit facilities and transit vehicles.

1. PATCO operates a rapid transit line providing public transport service between Philadelphia and Southern New Jersey. PATCO’s transit system includes an administrative and maintenance facility at Lindenwold and thirteen (13) stations along the approximately 14.2 mile route. The DRPA owns the nine (9) stations in New Jersey and leases the four (4) Philadelphia stations from the City of Philadelphia.

Combined, the DRPA and PATCO currently have a five (5) year capital program of approximately \$755 million.

2. PATCO transit operations are funded by a combination of fare box revenue and a subsidy from the DRPA. Advertising revenues are an important additional source of revenue that supports transit operations. PATCO’s fundamental purpose in accepting transit advertising is to generate revenue to augment PATCO’s operating budget.
3. The primary purpose of PATCO’s transit system is to provide safe and efficient public transportation within its service area. Consistent with this purpose, PATCO places great importance on maintaining secure, safe, comfortable and convenient transit facilities and transit vehicles in order to, among other things: be consistent with the provision of effective and reliable public transportation and retain existing riders and attract new users of public transit services. To generate additional revenue while also accomplishing the primary objectives of transit operations, PATCO will accept advertising on its transit facilities and vehicles only if such advertising complies with these Advertising Standards.
4. Non-Public Forum Status - PATCO’s acceptance of transit advertising will not provide or create a general public forum for expressive activities. In keeping with its proprietary function as a provider of public transportation, PATCO does not intend its acceptance of transit advertising to permit its transit facilities or transit vehicles to be used as open public forums for public discourse and debate. Rather, PATCO’s fundamental purpose and intent is to accept advertising as an additional means of generating revenue to support its transit operations. In furtherance of that discreet and limited objective, PATCO will retain strict control over the nature of the advertisements accepted for posting on or in its transit facilities and transit vehicles and will maintain its advertising space as a non-public forum.

5. Policy Advances Revenue Objective - In PATCO's experience, certain types of advertisements interfere with the program's primary purpose of generating revenue to benefit the transit system. This Advertising Standard advances the advertising program's revenue-generating objective by prohibiting advertisements that could detract from that goal by creating substantial controversy, interfering with and diverting resources from transit operations, and/or posing significant risks of harm, inconvenience, or annoyance to transit passengers, operators and vehicles. Such advertisements create an environment that is not conducive to achieving revenue for the benefit of the transit system or to preserving and enhancing the security, safety, comfort and convenience of its operations. The viewpoint neutral restrictions in this Advertising Standard foster the maintenance of a professional advertising environment that maximizes advertising revenue.

This standard is intended to provide clear guidance as to the types of advertisements that will allow PATCO to generate revenue and enhance transit operations by:

- a. Increasing and maximizing revenue.
 - b. Preventing the appearance of favoritism by PATCO.
 - c. Preventing the risk of imposing views on a captive audience.
 - d. Maintaining a position of neutrality on controversial issues.
 - e. Preserving the marketing potential of the advertising space by avoiding content that the community could view as offensive, inappropriate or harmful to the public generally or to minors in particular.
 - f. Maximizing ridership.
 - g. Avoiding claims of discrimination and maintaining a nondiscriminatory environment for riders.
 - h. Preventing any harm or abuse that may result from running controversial or offensive advertisements.
 - i. Reducing the diversion of resources from transit operations that are caused by controversial or offensive advertisements.
6. This Standard applies to the posting of all new advertisements on transit facilities and transit vehicles. Any advertisements which would be prohibited under this Standard, but which were or will be posted pursuant to the terms of a fully executed advertising contract, will be allowed to be posted or to remain posted for the duration of that contract. PATCO's transit facilities and transit vehicles are a non-public forum and, as such, PATCO will accept only that advertising that falls within the categories of acceptable advertising specified in this viewpoint neutral policy and that satisfies all other access requirements and restrictions provided herein.

B. ADVERTISING POLICY

Permitted Advertising Content - The following classes of advertising are authorized on transit facilities and transit vehicles if the advertising does not include any material that qualifies as Prohibited Advertising under this Advertising Standard:

1. Commercial and Promotional Advertising promotes or solicits the sale, rental, distribution or availability of goods, services, food, entertainment, events, programs, transactions, donations, products or property (real or personal) for commercial or noncommercial purposes or more generally promotes an entity that engages in such activities.
2. Governmental entities, meaning public entities, specifically created by government action, may purchase advertising space for messages that advance specific government purposes.
3. Public Service Announcements - PATCO recognizes that its advertising program and its overall public transportation mission are promoted by allowing for public service announcements. Such announcements engender goodwill with the public because the transit system is seen as a caring and active participant in the community.

A Public Service Announcement must satisfy the following criteria:

- a. The sponsor of a Public Service Announcement must be a government entity or a nonprofit corporation that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
- b. The Public Service Announcement must be directed to the general public or a significant segment of the public and relate to:
 - (1) Prevention or treatment of illnesses.
 - (2) Promotion of safety or personal well-being.
 - (3) Education or training.
 - (4) Provision of children and family services.
 - (5) Solicitation by broad-based contribution campaigns which provide funds to multiple charitable organizations.
 - (6) Provision of services and programs that provide support to low income citizens, senior citizens, and people with disabilities.
4. Advertising for alcohol products and by alcohol beverage companies shall be subject to the following restrictions:
 - a. No more than 15 exterior rail car pairs may have alcohol advertisements posted on the transit system at any one time.
 - b. In addition, no more than 9.99% of the total advertising space available on the transit system will have alcohol advertising posted on it at any one time.
 - c. Advertising related to the sale of alcoholic beverages shall contain a statement, occupying at least 3% of the area of the advertisement, that indicates the legal drinking age in the State of New Jersey and in the Commonwealth of Pennsylvania, and also warns of the dangers of alcohol

consumption during pregnancy, in connection with the operation of heavy machinery, and while driving.

C. PROHIBITED ADVERTISING CONTENT

Advertising is prohibited on transit facilities and transit vehicles if it includes any of the following content:

1. Political - Advertisements promoting or opposing a political party, or promoting or opposing the election of any candidate or group of candidates for federal, state, judicial or local government offices are prohibited. In addition, advertisements that are political in nature or contain political messages, including advertisements involving political or judicial figures and/or advertisements involving an issue that is political in nature in that it directly or indirectly implicates the action, inaction, prospective action or policies of a governmental entity are prohibited.
2. Public Issue - Advertisements expressing or advocating an opinion, position or viewpoint on matters of public debate about economic, political, religious or social issues are prohibited.
3. Prohibited Products, Services, or Activities - Any advertising that promotes or depicts the sale, rental, or use of, or participation in, the following products, services or activities; or that uses brand names, trademarks, slogans or other material that are identifiable with such products, services or activities:
 - a. Tobacco - Tobacco products, tobacco-related products, and products that simulate smoking or are modeled on the tobacco products, including but not limited to cigarettes, cigars, and smokeless (e.g., chewing) tobacco, and electronic cigarettes.
 - b. Adult/Mature Rated Films, Television, or Video Games - Adult films rated "X" or "NC-17", television rated "MA" or video games rated "A" or "M".
 - c. Adult Entertainment Facilities - Adult book stores, adult video stores, nude dance clubs and other adult entertainment establishments.
 - d. Other Adult Services - Adult telephone services, adult internet sites, and escort services.
 - e. Nudity, Sexual and/or Excretory Subject Matter - Advertising depicting nudity, sexual conduct or sexual excitement is not permitted. The terms "nudity," "sexual conduct," and "sexual excitement" have the same meanings herein as in 720 ILCS 5/11-21(a) (2011) and as such law may be amended, modified or supplemented. Works of art are included.

- f. False or Misleading - Any material that is or that the sponsor reasonably should have known is false, fraudulent, misleading, deceptive or would constitute a tort of defamation or invasion of privacy.
- g. Copyright, Trademark, or Otherwise Unlawful - Advertising that contains any material that is an infringement of copyright, trademark or service mark, or is otherwise unlawful or illegal.
- h. Illegal Activity - Advertising that promotes any activity or product that is illegal under federal, state or local law.
- i. Profanity and Violence - Advertising that contains any profane language, or portrays images or descriptions of graphic violence, including dead, mutilated or disfigured human beings or animals, the act of killing, mutilating or disfiguring human beings or animals, or intentional infliction of pain or violent action towards or upon a person or animal, or that depicts weapons or devices that appear to be aimed or pointed at the viewer or observer in a menacing manner.
- j. Firearms - Advertising that promotes or solicits the sale, rental, distribution or availability of firearms or firearms-related products.
- k. Disparaging - Advertising that is intended to be (or reasonably could be interpreted as being) disparaging, disreputable, or disrespectful to persons, groups, businesses or organizations, including advertising that portrays individuals as inferior, evil, or contemptible.
- l. Adverse to PATCO - Advertising, or any material contained in it, that is directly adverse to the commercial or administrative interests of PATCO, or that tends to disparage the quality of service provided by PATCO, or that tends to disparage public transportation generally.
- m. PATCO Graphics and References - Advertising that contains PATCO graphics, logos, representations without the express written consent of PATCO.
- n. Insulting, Degrading, or Offensive - Any material directed at a person or group that is so insulting, degrading or offensive as to be reasonably foreseeable that it will incite or produce lawless action in the form of retaliation, vandalism or other breach of public safety, peace and order.
- o. Harmful or Disruptive to Transit Systems - Any material that is so objectionable under contemporary community standards as to be reasonably foreseeable that it will result in harm to, disruption of or interference with the transportation system.

- p. Unsafe Transit Behavior - Any advertisement that encourages or depicts unsafe behavior with respect to transit-related activities, such as non-use of normal safety precautions in awaiting, boarding, riding upon, or debarking from transit vehicles.

D. ADDITIONAL REQUIREMENTS

Sponsor Attribution and Contact Information - Any advertising in which the identity of the sponsor is not readily and unambiguously identifiable must include the following phrase to identify the sponsor in clearly visible letters (no smaller than 72 point type for exteriors and 24 point type for interiors): "Advertisement paid for by"

"Teaser ads" that do not identify the sponsor will, however, be allowed so long as a similar number of follow up advertisements are posted within eight weeks of the initial teaser ads that do identify the sponsor of those initial ads.

E. PROCEDURES

1. All proposed transit advertising must be submitted to PATCO for initial compliance review. The Contractor will perform a preliminary evaluation of the submission to assess its compliance with this policy. If the Contractor determines that a proposed advertisement does not comply with this Advertising Standard or is unable to make a compliance determination, it will forward the submission to the DRPA's Office of Business Development & Equal Opportunity for further evaluation. The Contractor may at any time discuss with the entity proposing the advertisement one or more revisions to an advertisement, which, if undertaken, would bring the advertisement into conformity with this Standard. The Contractor will immediately remove any advertisement that PATCO or the DRPA's Office of Business Development & Equal Opportunity directs it to remove.
2. In the event the Contractor determines that a proposed advertisement does not comply with this Standard or is unable to make a compliance determination, the DRPA's Office of Business Development & Equal Opportunity will review the proposed advertisement for compliance with the guidelines set forth in this policy and will direct the Contractor as to whether the proposed advertisement will be accepted. In the discretion of the DRPA's Office of Business Development & Equal Opportunity, any proposed transit advertising may be submitted to PATCO's General Manager for review.
3. PATCO's General Manager shall conduct a final review of the proposed advertising at the request of the DRPA's Office of Business Development & Equal Opportunity. The decision of PATCO's General Manager to approve or reject any proposed advertising shall be final.
4. The DRPA's Office of Business Development & Equal Opportunity or PATCO's General Manager, may consult with the DRPA's Legal Counsel at any time during the review process.