



U.S. Department
of Transportation

**Federal Highway
Administration**

EDC-Value Capture Implementation Team



Value Capture: Advertising & Naming Rights & Case Studies

Outline of Presentation

- Overview of Everyday Counts Fifth Round (EDC-5) & Value Capture Strategies
- Why are Advertising, Naming Rights, or Sponsorships Needed?
- Overview: Advertising, Naming Rights, and Highway Sponsorships
- Federal Roles
- Case Studies
- Q&A



What is “Every Day Counts”(EDC)?

State-based model to identify and rapidly deploy proven but underutilized innovations to:

- ✓ Shorten the project delivery process
 - ✓ Enhance roadway safety
 - ✓ Reduce congestion
 - ✓ Improve environmental sustainability
-
- EDC Rounds: Two-year cycles
 - Initiating 5th Round (2019-2020) - 10 innovations
 - To date: 4 Rounds, over 40 innovations

For more information: <https://www.fhwa.dot.gov/innovation/>



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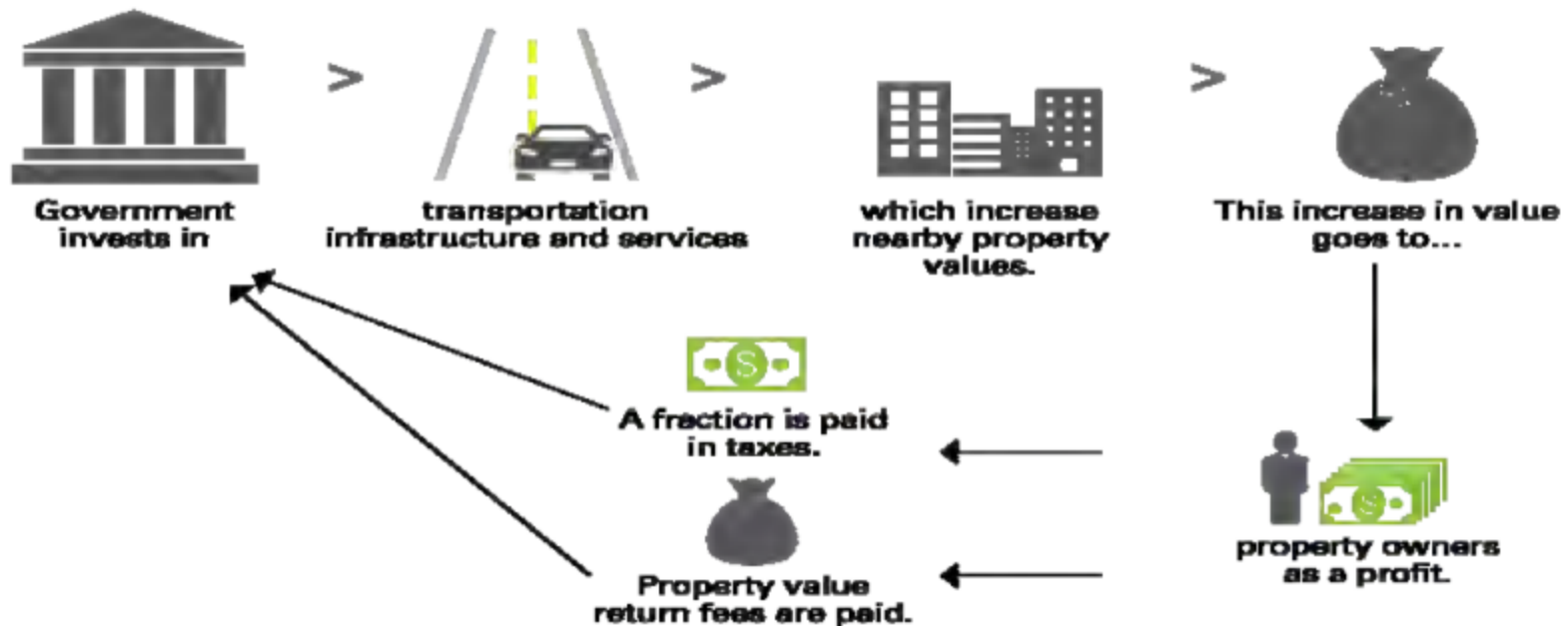
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Value Capture Overview & Benefits

What is Value Capture?

“Value capture” refers to a toolbox of strategies used by public agencies to recover a portion of the increased property value created as a result of public infrastructure investment.



Source: NCHRP Research Report 873

Value Capture Can.....



Value Capture



Value capture projects can recover up to 50% or more of overall project costs

Can support multimodal projects



Revenues captured are a portion of the benefit landowners receive

Facilitates better land use and transportation planning



Creates sustainable revenue sources

TIFs don't raise taxes; they expand the tax base



Can fund capital projects, as well as maintenance and operations

Appropriate for all roads, from Interstate highways to local roads



There are techniques available appropriate to urban, suburban, and rural settings

Promotes efficient land use

VALUE CAPTURE TECHNIQUES SUMMARY



DEVELOPER CONTRIBUTIONS

One-time charges collected by local governments from developers to offset the cost of infrastructure and services necessitated by new development.



SPECIAL ASSESSMENTS

An additional fee or tax assessed on businesses or residents in specified geographic areas benefitting proximity to a highway or other transportation facility or corridor.



FEES

Similar to a utility fee, transportation fees are assessed based on how individual businesses and households use transportation facilities.



INCREMENTAL GROWTH

A mechanism allocating back to infrastructure from some specified portion of increased property tax revenues fostered by new infrastructure—often for a specified period of time.



JOINT DEVELOPMENT

Sale or lease of land or air rights on or adjacent to transportation facilities. This can include donations of land or other in-kind resources from the private sector in ongoing commercial operations.



CONCESSIONS

Sale or lease of government-owned assets—such as toll roads or bridges—to private-sector investors/operators.



ADVERTISING AND NAMING RIGHTS

Sale of advertising space or naming rights on a transportation facility. Note: Commercial uses within Interstate Highway System right of way, including rest areas, is prohibited by law; however, they may be allowed on toll facilities and in transit stations.

Value Capture Techniques

Category	Technique	Purpose	Fund or Finance
Developer Contributions	Impact fees	Capital Expenses	Fund
	Negotiated Exactions	Capital Expenses	Fund
Special Assessments	Special Assessment Districts	Capital Expenses	Fund or Finance
	Business Improvement Districts	Capital or Maintenance	Fund or Finance
	Sales Tax Districts	Capital or Maintenance	Fund or Finance
	Land Value Taxes	Capital or Maintenance	Fund or Finance
Fees	Transportation Utility Fees	Operations and Maintenance	Fund
Incremental Growth	Tax Incremental Finance	Capital Expenses	Fund or Finance
	Transportation Reinvestment Zones		Fund or Finance
	Tax Allocation District		Fund or Finance
Joint Development	At Grade	Capital Expenses	Fund or Finance
	Below Grade	Capital Expenses	Fund or Finance
	Above Grade (Air Rights)	Capital Expenses	Fund or Finance
Concessions	Asset Recycling	Capital Expenses	Fund or Finance
Advertising	Advertising	Capital or Maintenance	Fund
	Naming Rights	Capital or Maintenance	Fund
	Highway Sponsorships	Capital or Maintenance	Fund



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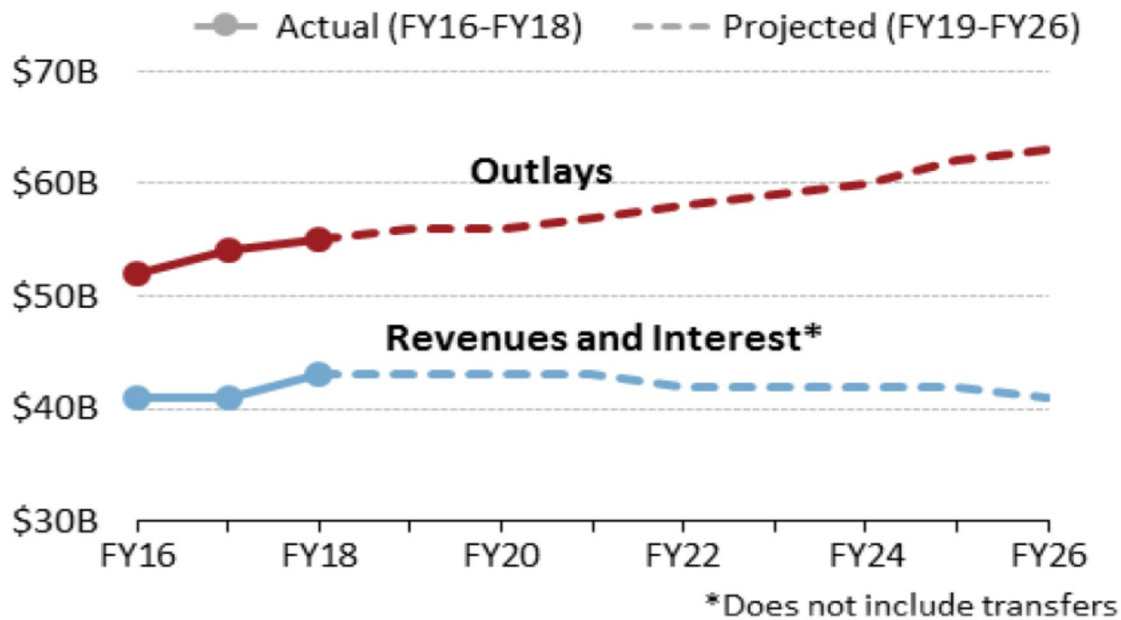
Why are Advertising, Naming Rights, or Sponsorships Needed?

Highway Capacity & Condition Funding Challenges



+





Highway Trust Fund is Unsustainable

Source: CBO, Highway Trust Fund Accounts—January 2019 Baseline.

Mileage by Federal-aid & non-Federal-aid

Ownership	Federal-Aid Highways	Non-Federal-Aid Highways	Total
Rural	668,082	2,280,612	2,948,696
Urban	359,767	875,245	1,235,012
Total Rural & Urban	1,027,848	3,155,858	4,183,707

Purposes

- Generate revenue/in kind contributions to offset some of the maintenance or operational costs
- Provide convenience and safety to the travel public
- Engage communities to participate in programs, like Adopt-a-highway, which are aimed at beautifying roads throughout the state and preventing litter
- Create community ownership of the apparent of highway system



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Overview

Advertising

Public agency sells advertising space or media to private company

- Agencies may consider advertising in transit stations, rest areas, and agency-owned fleets as relatively straightforward way to raise funds
- Opportunities: Can raise moderate sums of money for operating & maintenance expenses
- Challenges: Must be weighed against safety concerns
- Agreements: Advertising agreements may be related or unrelated
- Note: Advertising on the public right-of-way is not allowed

Ohio DOT entered into a ten-year, \$8.65 million agreement to advertise on its safety patrol vans in 2014, which provide assistance to motorists at crash sites.



Image courtesy of Ohio Department of Transportation.

Example of a branded safety patrol vehicle



Example of Bus exterior Advertising

Naming Rights Overview

Public agency sells rights to name infrastructure to private company

- Transit stations
- Vehicle fleets: bus, rail, safety patrol vehicles
- Arena
- Stadium
- Advertising and naming rights agreements may be related or unrelated



The Salesforce Transit Center, CA



Ohio DOT Safety Patrol Naming Right

Examples of Naming Rights in other Public Facilities

- **Chicago's Millennium Park**
 - ✓ AT&T, Boeing, Exelon, BP
- **Chicago's Transit Authority**
 - ✓ stop outside of an Apple flagship
- **Denver's Regional Transportation District**
 - ✓ University of Colorado (The A Line to Denver International Airport)
- **New York City's Metropolitan Transportation Authority (MTA)**
 - ✓ Barclay's Atlantic AV (Subway station @ Barclay's Center)
- **Philadelphia's Southeastern Pennsylvania Transportation Authority**
 - ✓ AT&T (Pattison Station on the Broad Street Line)
- **San Diego's Metropolitan Transit System**
 - ✓ UC San Diego (UC San Diego Blue Line)
- **Others**

Top Naming Right Transaction

Facility	Total Price	Deal
MetLife Stadium	\$ 425 – 625 M	2010 - 2036
Chase Center	\$ 300 – 400 M	2016 - 2040
Citi Field	\$400 M	2006 - 2028
Mercedes-Benz stadium	\$ 324 M	2015 - 2043
NRG Stadium	\$ 310 M	2000 - 2032
SunTrust Park	\$ 250 M	2014 - 2042
Hard Rock Stadium	\$ 250 M	2016 - 2034
Levi's Stadium	\$220.3 M	2013 - 2033
US bank Stadium	\$ 220 M	2015 - 2041
American Airline Center	\$195 M	1999 - 2030

Highway Sponsorships

State & local agencies allows to place the sponsored company name and logo on the busiest highways

An innovative way to offset the costs of construction, operation and maintenance while providing enhanced services to the public

- Opportunities: Support or supplement construction, operations and maintenance program activities through voluntary and/or funds generated by sponsorship.
- Challenges: Must be weighed against safety concerns



Example of Arizona Adopted the Highway

Highway Sponsorships

- Adopt-A-Highway and Sponsor-A-Highway litter removal program
- Traveler information services, such as 511
- Incident Management Assistance Patrols
- Weigh stations
- Rest Areas and Welcome Centers
- Ferries and Ferry support facilities
- Highway beautification
- Others

Rest Areas Sponsored by Geico



- AZDOT, 14 rest areas
- FLDOT, 64 rest areas
- ILDOT, 6 oasis service plazas
- NCDOT, 58 rest areas
- NJDOT, 14 Rest Areas and Scenic Overlooks
- NYDOT, 52 rest areas
- TXDOT, 55 Safety Rest Areas and Travel Information Centers (TICs)
- VADOT, 43 rest areas and welcome centers

Benefits

- Can raise moderate sums of money for building, operating & maintenance expenses
- Transactions are usually not complex, as they involve standard procurement processes
- Generate new revenues with little public investment
- Provide political opportunity for naming rights linked to economic benefits that these transactions create
- Provide a clean environment, gives civic pride to the community, serves as a reminder not to litter and saves tax-payers money

Challenges

- Address regulations, including billboards and discrimination, Federal Highway Beautification Act (Title 23, United States Code)
- First Amendment prevents company from being excluded from naming rights transaction because of its image
- Fourteenth Amendment prevents agency from rejecting bidder based on agency's politics
 - ✓ Portland, ME's bus service faced controversy over ads promoting marijuana ballot initiative on buses
 - ✓ Because of risk of legal exposure, Los Angeles Metro canceled plan to sell naming rights
- Political Challenges
 - ✓ Concerns over losing historic landmarks
 - ✓ Difficult navigate transport network when name changes



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Federal Roles

FHWA Policy Order on Sponsorships

(Order 5160.1A Issued on April 2014)

- Requires DOT develop policy to govern sponsorship/ revenue programs & approved by FHWA
- Allows sponsor of highway related services, products, or monetary contributions.
- All funds generated through a sponsorship program must be used for “highway purposes”
- Eligible sponsoring organization must comply with Federal and State laws prohibiting discrimination
- Agreements will include provisions for the operations or maintenance of physical elements during the contractual term and removal after the agreement expires or the sponsor withdraws
- Agreements will include termination clauses based on: Safety concerns, Interference with the free and safe flow of traffic, or a determination that the sponsorship agreement or acknowledgment is not in the State or public interest.

Value Capture Implementation Team

Co-Leads

- Thay Bishop, FHWA Office of Innovative Program Delivery
- Stefan Natzke, FHWA Office of Planning, Environment, and Realty

Members

- Jennifer Ahlin, Virginia Department of Transportation
- Janine Ashe, FHWA District of Columbia Division
- David Cohen, FHWA Office of Project Development & Env. Review
- John Duel, FHWA Office of Planning, Environment, and Realty
- Ben Hawkinson, FHWA Transportation Policy Studies
- Kathleen Hulbert, FHWA Infrastructure Office
- Andrea Kirk, FHWA Center for Local-Aid Support
- Chip Millard, FHWA Freight Management & Operation
- Diane Mobley, FHWA Chief Counsel Office
- Kevin Moody, FHWA Resource Center
- Ben Orsbon, South Dakota Department of Transportation
- Jill Stark, FHWA Office of Planning, Environment, and Realty
- Lindsey Svendsen, FHWA Office of Planning, Environment, and Realty
- Jim Thorne, FHWA Office of Planning, Environment, and Realty
- Bingxin Yu, FHWA Transportation Policy Studies

VCIT Focus Areas

- **Communication** – Developing the tools to help FHWA staff and others promote value capture to local public agencies (Value Capture Implementation Manual)
- **Technical assistance** – Providing technical assistance to local public agencies interested in pursuing value capture (Peer Program)
- **Clearinghouse ([website](#))** – Identifying best practices and lessons learned and promoting further discussion on innovative funding options for local public agencies, lessons learned from past and current efforts, etc.



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Thay Bishop

Email: thay.bishop@dot.gov

Tel: 404-562-3695 or ValueCapture@dot.gov



Highway Sponsorship


FHWA Value Capture Webinar November 21, 2019

Minnesota Department of Transportation
Office of Land Management

Jessica Oh, Highway Sponsorship Director



Origin of MN §160.801 [Highway Sponsorship Statute](#) (2017)

- 
- A monarch butterfly with orange and black wings is perched on a purple flower. In the background, a city skyline with several tall buildings is visible under a clear sky. The scene is set in a field of green plants.
- Enhance and maintain highway right of way in partnership with businesses and civic organizations
 - Improve highway aesthetics and sustainability statewide
 - Leverage taxpayer dollars by activating outside resources, reduce maintenance liabilities for MnDOT
 - Create and maintain critical pollinator habitat
 - New & innovative uses of right of way
 - Establishes a special revenue fund for sponsorship revenue
 - Subject to FHWA Order 5160.1A Sponsorship Agreements and Acknowledgement Signs

Voices of Our Customers: Aesthetic Feedback & Complaints



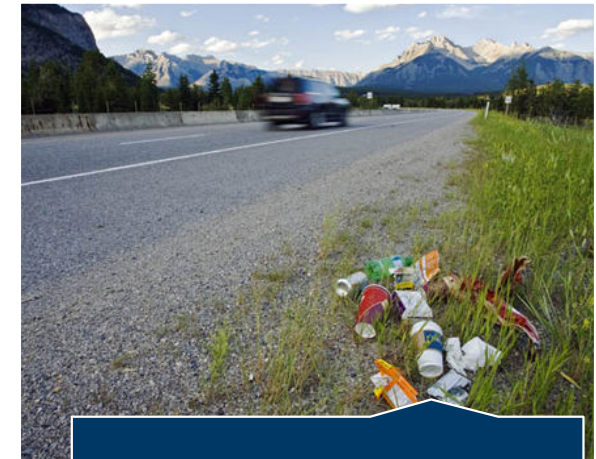
Noise walls



Mowing & Maintenance



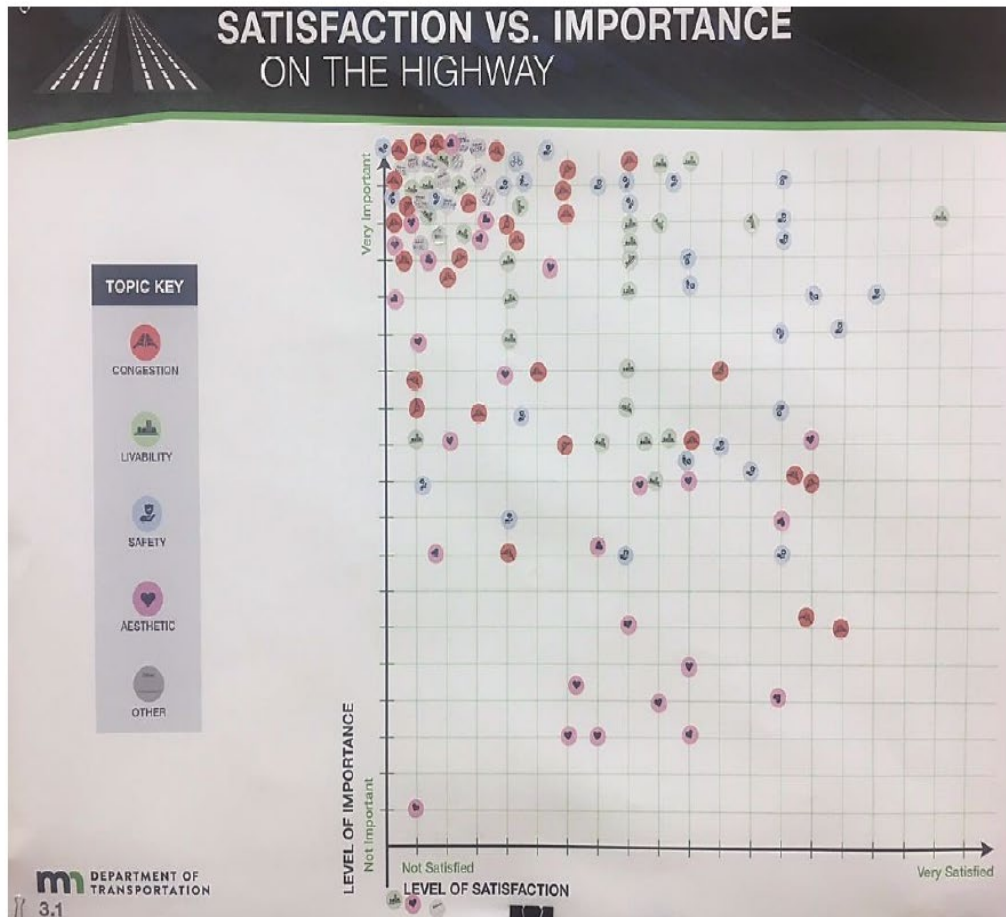
Pollinator Habitat



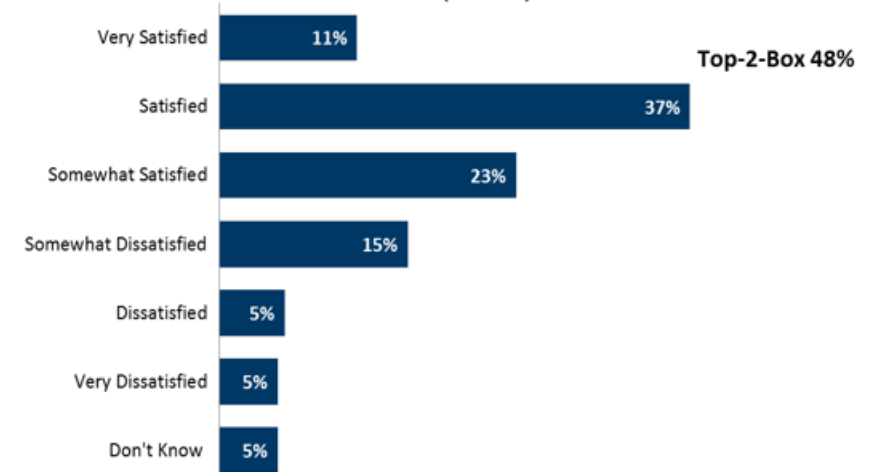
Litter

Aesthetic & Environmental Perspectives from Public Engagement & Omnibus Survey

Aesthetic Feedback: MnDOT's [Rethinking I94 Project](#)



Satisfaction with the appearance of vegetation and landscaping along state roads (2016)



- A majority of respondents believe it is important or very important for MnDOT to improve pollinator habitat along state roads.
- Respondents from the metro area are more likely to say it is important for MnDOT to improve pollinator habitat along state roads.

Impetus for Highway Sponsorship

**Direct Agreements
with Businesses,
Nonprofits and
Individuals**

**Quicker Response Times
(90 days)**

**Revenue Generation
Opportunities**

**Reduce
Maintenance
Liabilities**

**Improved responsiveness to
community requests**

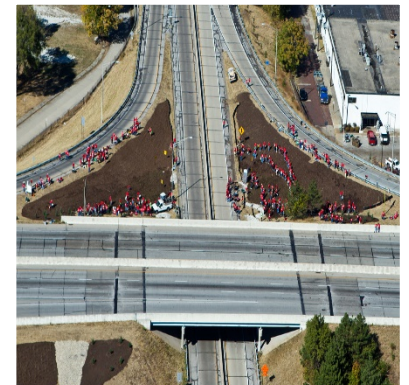
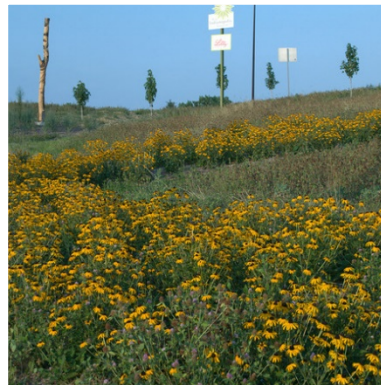
Examples of Public-Private Partnerships: Chicago Gateway Green

- Local nonprofit manages 95 gardens on Chicago Freeways around downtown through a MOU with IDOT.
- Gardens are financed primarily through corporate philanthropy (sponsor acknowledgement signs)
- Nonprofit contracts for plantings, maintenance, and litter pick-up April-Oct



A Greener Welcome Project in Indianapolis with INDOT

- Transform a six mile gateway into Indianapolis on I-70 with art and landscaping in October 2010.
- A collaboration of City of Indianapolis, the Indiana Department of Transportation, Keep Indianapolis Beautiful, community leaders, neighborhood groups, and Eli Lilly Foundation/Eli Lilly corporation
- Closure of I-70 for (1) day
- 8,000 volunteers installed 1,614 trees and 72,300 native plants and shrubs
- Three new sculpture installations
- \$1M in TE funding, \$1M from Eli Lilly Foundation
- Six area businesses adopted the 6 improved interchanges for maintenance and watering



MnDOT Programs Supporting Aesthetic, Environmental & Community Connection Goals



MnDOT covers design+ plant expense

**Visual Quality
Process
(Construction
Projects)**

**Community
Roadside
Landscape
Partnership
Program**

**Adopt a
Highway
Program**

**Limited Use
Permits;
Leases;
Cooperative
Agreements**

**Highway
Sponsorship
Program**

**Center for
Community
Connections**

Sponsor underwrites all expenses



Highway Sponsorship

Sample Project Types



Enhanced Landscaping



Expanded Maintenance



Pollinator & Ground Nesting Species Habitat



Art and Placemaking



Aesthetic Initiatives: Gateways & Rural Main Streets



Highway Sponsorship Licenses as Value Capture

Sponsor underwrites plant material, installation, and on-going maintenance of landscaping by hiring MnDOT-approved contractor

Sponsor underwrites expanded maintenance of existing plantings for improved aesthetics

Types of Highway Sponsorship Licenses

Sponsor engages internal landscaping/maintenance employees and/or “employee-volunteers” for plantings and maintenance

Sponsor engages new or existing philanthropic partners to execute new landscaping project and on-going maintenance

Visible Investments in Communities: Sponsor Acknowledgement Sign



Potential Highway Sponsorship Projects



Additional potential uses for highway sponsorship

- 
- Noise wall painting & maintenance
 - Rural traffic calming: gateway landscaping & blvd. treatments
 - Wildlife protection: small animal exclusionary fencing
 - Educational Interpretive panels supporting scenic byways

Value Capture Benefits of Sponsorship Agreements

Reduce Your
Maintenance
Liabilities

Improve
Partnership with
Communities

Support Livability
and Quality of Life

Leverage Tax-Payer
Dollars for
Aesthetic Elements
in Projects

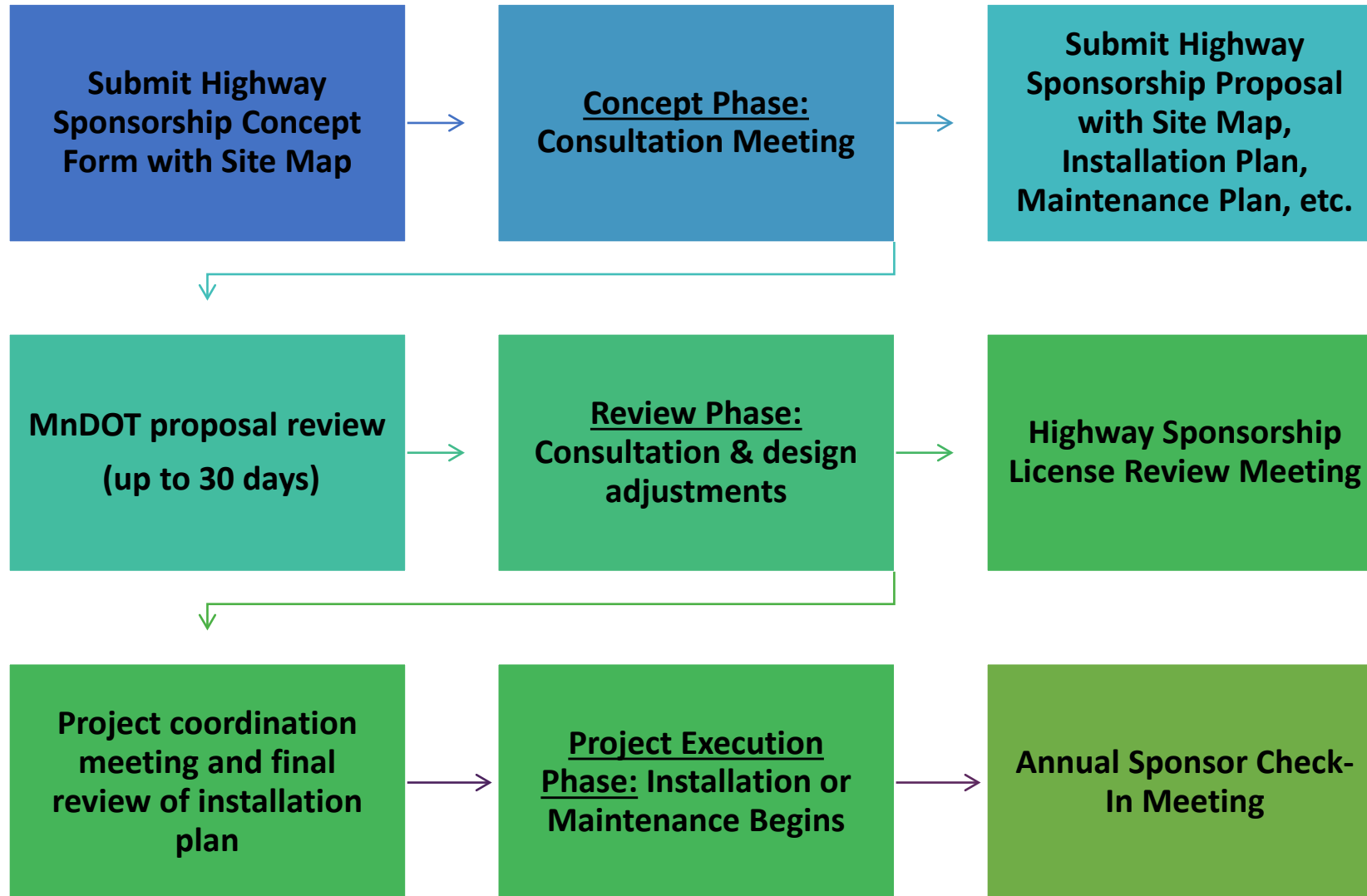
Protect Your
Investment in Plant
Material

Generate Modest
Revenue

Nuts & Bolts of the Sponsorship Program



90 Day Pre-Development process for highway sponsorship projects



MNDOT Functional Units: Development & Review Process for Sponsorship Projects

District-level highway sponsorship liaisons: Permits or Planning

District Review:

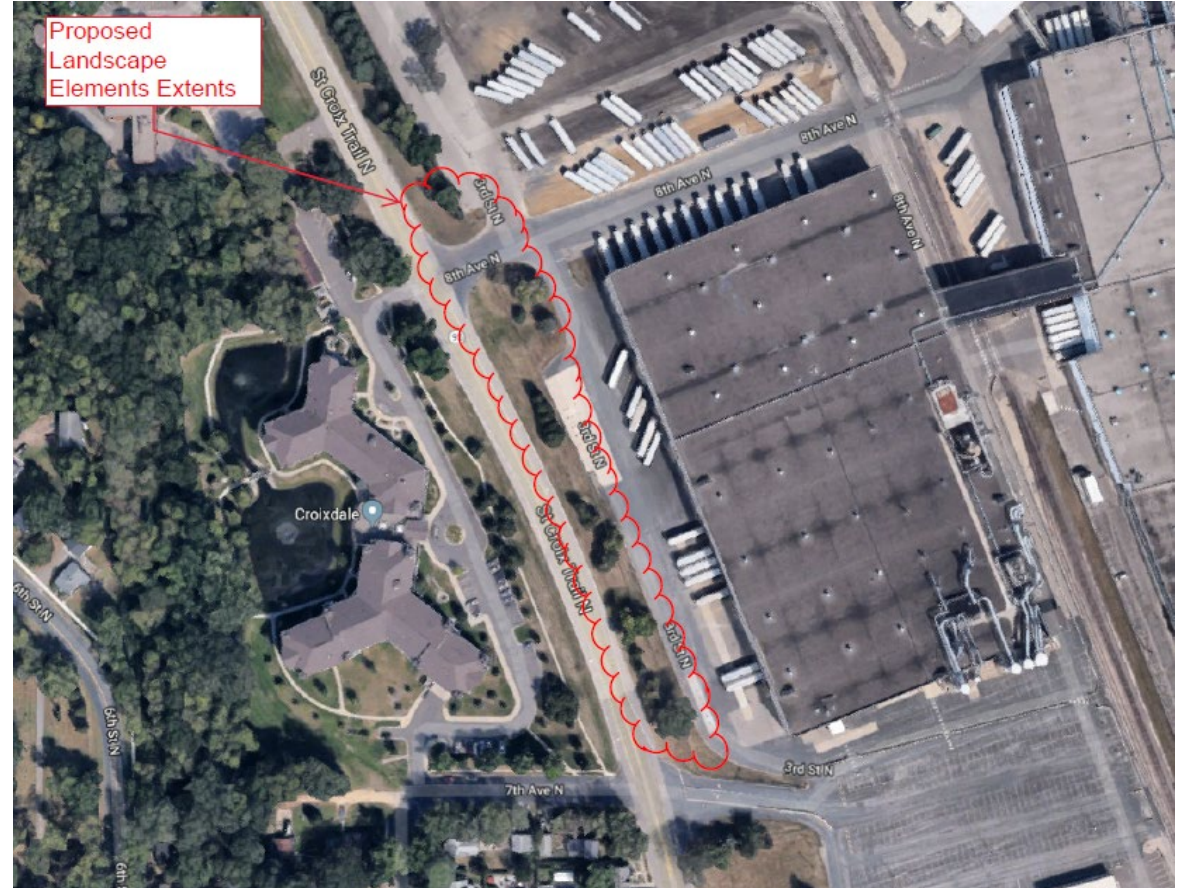
- District Engineer (or designee)/Area Manager
- District Resident Engineer
- District Planning
- District Maintenance: Superintendent/Local truck station
- District Right of Way
- District Surveys: Area Surveyors/District Surveyors
- District Permits
- District Traffic
- District Environmental/Water
- District Communications & Public Engagement

Central Office Review:

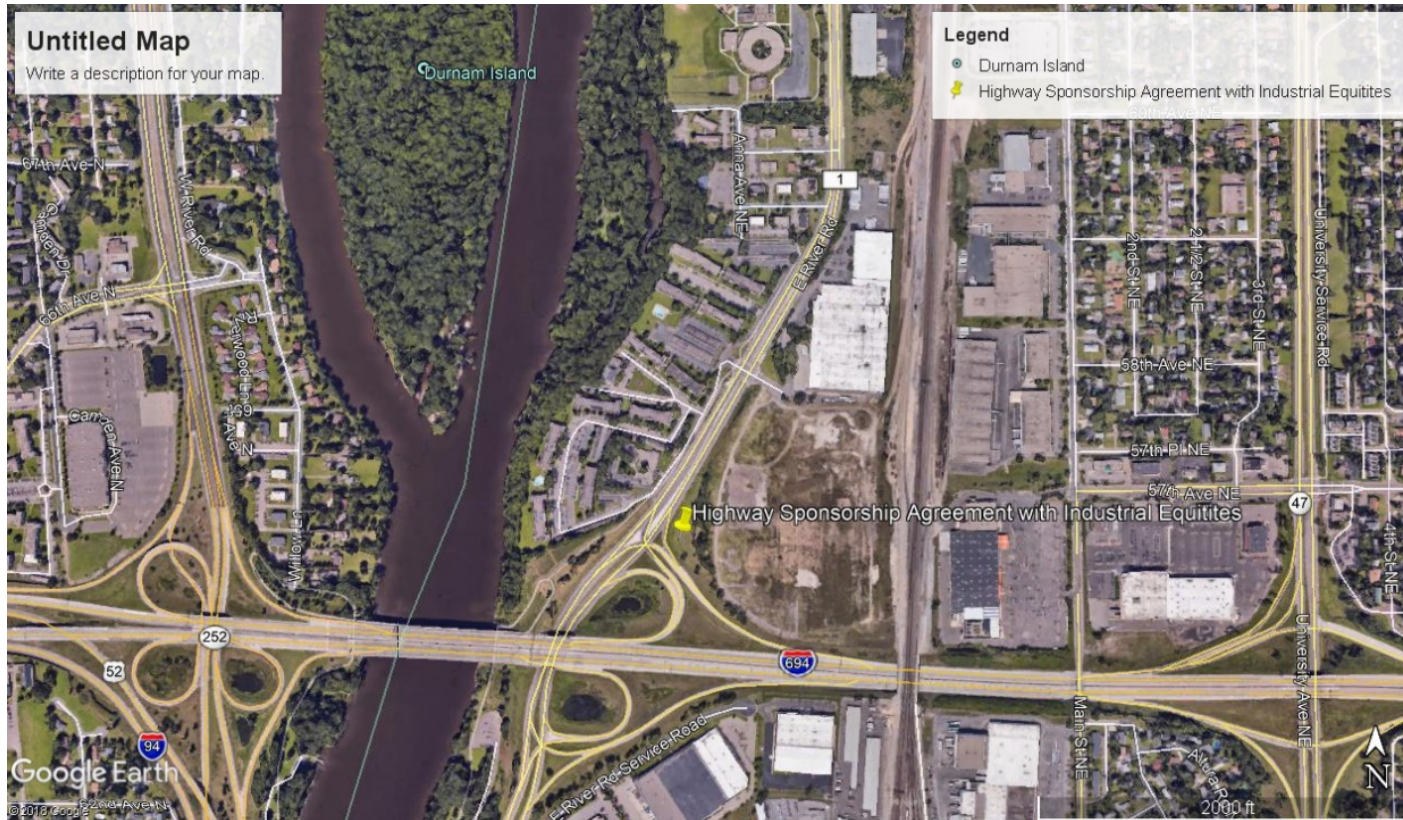
- OTST: State Sign Engineer
- OM: State Maintenance Engineer
- OLM: Right of Way
- OLM: Utility Permits/Permits
- OLM: Mapping/Surveys
- OLM: Limited Use Permits
- OES: Environmental Investigation Unit
- OES: Vegetation Mgmt.
- OES: Erosion & Storm water Mgmt.
- OES: Env. Planning & Design
- OES: Cultural Services team
- Chief Counsel
- Tribal Affairs

Sample Highway Sponsorship Project: Andersen Corporation (Bayport, MN)

- Highway 95, Screening & mitigation landscaping of industrial facility requested by the city of Bayport.
- Design, plant purchase, installation and maintenance at Andersen's expense. Adjustments were made to proposal based on clear zone, plant selection, etc.
- Maintenance plan: Andersen landscaping & maintenance employees will perform ongoing maintenance of the landscaping.

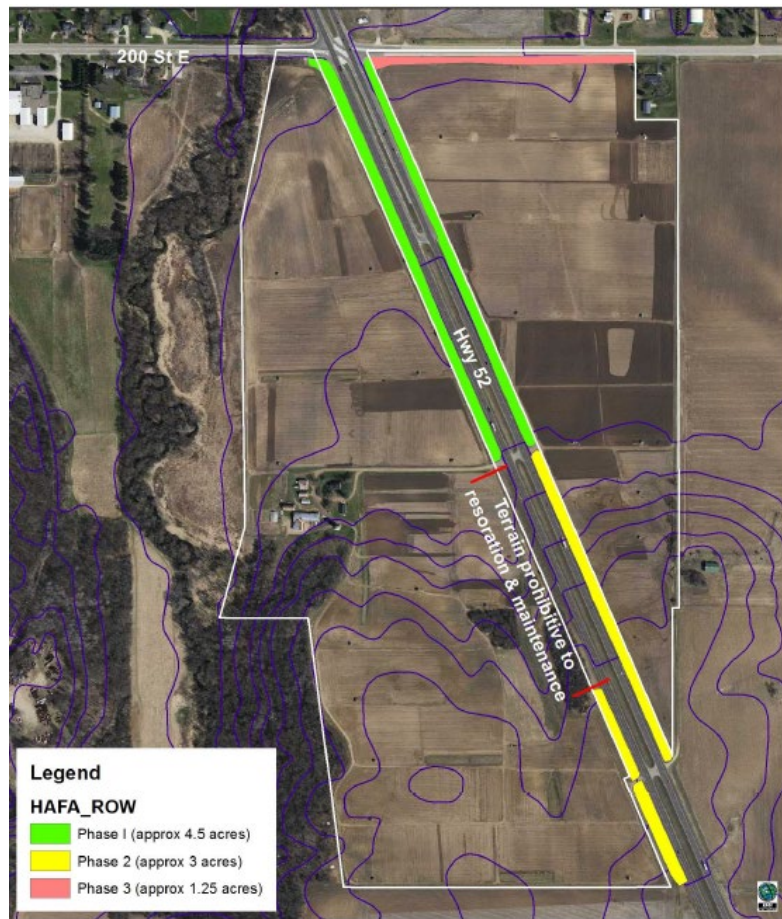


Sample Highway Sponsorship Project: I-694/East River Road, Fridley



- Developer requested ability to do expanded maintenance in right of way adjacent to new 156,000 office park.
- Tree trimming, mowing, and litter pick up on-going basis.

Sample Highway Sponsorship Project: Great River Greening/Hmong American Farmers Association (HAFA)



Hmong American Farmers Association
Pollinator ROW Hwy 52

- Great River Greening will install a 4.5 acre pollinator project underwritten by corporate philanthropy
- TH 52 in Dakota County, South of Coates, near Vermillion township
- Pollinator habitat supporting HAFA farm.
- Spring/summer 2020 project.

Expanding MnDOT's Knowledge Base to expand Public-Private Partnerships



Releasing Market Research Report on Public Opinion on the Aesthetics of Highway Roadsides



Community Vitality Fellowship: Artist in Residence Pilot position with Smart Growth America



Updated Highway Roadside Litter Analysis 2020

Aesthetic Market Research Project: Summary of Top Findings

- Visual Appearance of highway roadsides is important to quality of life (68%) rural/ (80%) urban but pavement appearance/condition is top priority;
- Conditions of roadsides impact perception of economic vitality, pride in community and perception of safety;
- Desire for case studies on rural communities that have invested in aesthetics that support economic development and tourism goals;
- Small communities need long timelines to plan/fund aesthetic enhancements (10 yrs+) to align with MnDOT construction projects;
- Scenic Byways validated the importance of preserving the scenic quality of roads/ improving viewsheds/reducing visual pollution;
- Extensive opportunities to enhance gateways (urban, rural, etc.);



Aesthetic Market Research Project: Summary of Top Findings Cont.

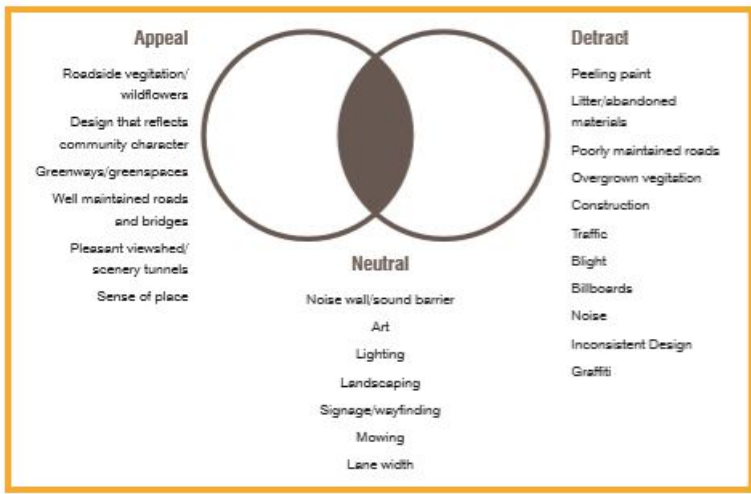
barrier that protects local residents from noise pollution. In rural areas, it may be reflected as a well-maintained natural roadside that increases visibility for long distances in circumstances of animal crossing.

Appealing and Detracting Landscapes

Participants report constantly visible litter and plant material that is dead, dying, or unmaintained. They also mention inconsistency with the built environment. With sound barriers, this inconsistency is shown in terms of effectiveness and desirability. The issue is also clear in bridges over the highway (both for traffic and pedestrians), which are frequently inconsistent in construction, look, and usability, as they have likely been built in a manner consistent with styles and fashions that change from decade to decade. Participants recognize that there is little land for development and reconstruction, but find the experience of traversing busy highways so

uninviting that they will often seek out alternative routes that are more visually appealing.

What is designed to appeal to the highway user may also detract if constructed in a manner that does not meet community needs. For example, a focus group member noted that creating pedestrian bridges and opportunities for connectivity in areas where the rights-of-way intersect makes areas more accessible and may even begin to restore communities that were historically divided by a highway. However, it was also noted that bridges may detract from aesthetics due to the absence of lighting and the underpass creating areas that may attract unwanted activity. Similarly, if an area was designed with community character in mind, there may be opportunities to bring in local artists to express a sense of place and create a positive aesthetic. However, when highway corridors are designed for utilitarian purposes, it creates opportunities for vandalism through unpermitted improvements and unpermitted graffiti.



- Validated the Minnesotan’s preference for native plantings and forb-heavy pollinator habitat;
- Elevated the importance of “sense of place” aesthetic elements in transportation infrastructure;
- Elevated the importance of focusing on the human scale: plants/art/placemaking create environments that encourage bike/walking, and play a role in public health and safety;
- Opportunities to engage large businesses with a stake in first impressions/attractiveness of communities for investment;
- Consider partnerships with arts & culture organizations;

Lesson's Learned

- Matching projects are of particular interest to stakeholders;
- Make the process easy for community-based partners with less capacity;
- Explore partnerships with Tourism & Economic Development agencies;
- Scenic Byway connections/ Rural Mainstreet connections;
- Opportunities to promote DBE/TGB/Woman/VET-owned contractors;

Connecting the Dots: Enhancing Community Connections, Public-Private Partnerships and Innovative Uses of Right of Way



Support Bike & Ped



Advance Equity



Construction Mitigation through Arts



Right of Way as Public Space:
Under bridge Environments



Enhanced Community Connections

Questions?

Contact: Jessica Oh

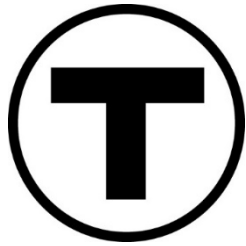
Highway Sponsorship Program Director

Minnesota Department of Transportation

Engineering Services Division, Office of Land Management

Jessica.Oh@state.mn.us

Office: 651-366-4939/Cell: 612-430-4762



Commercial Programs

Evan Rowe

Director of Revenue

Massachusetts Bay Transportation Authority

FHWA Value Capture Webinar

November 21, 2019

Agenda

- Background
- Principles
- Projects
- Takeaways

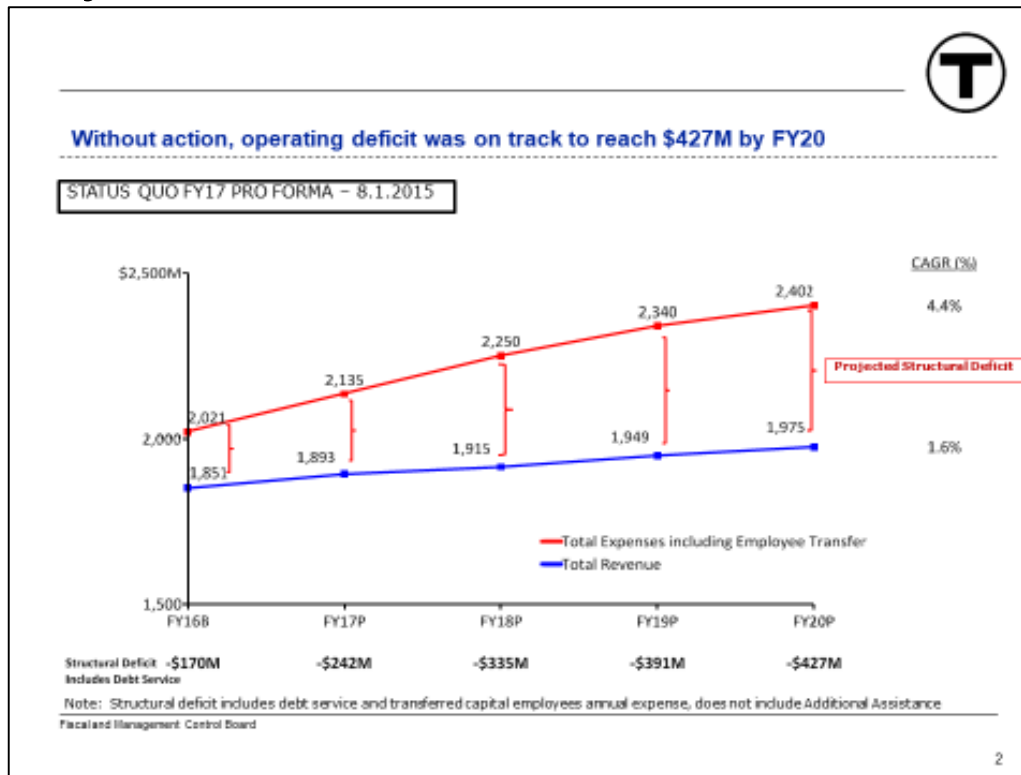


Background: About the MBTA

- Provides transit service to 175 cities and towns in Massachusetts
- Independent public authority
- Founded in 1964 (with predecessor companies / agencies going back to 1894)

Background: Fiscal and Operating Realities

- 2015: Major operating budget deficits
- Objective: to achieve \$100 million in operating non-fare revenues by FY 2021



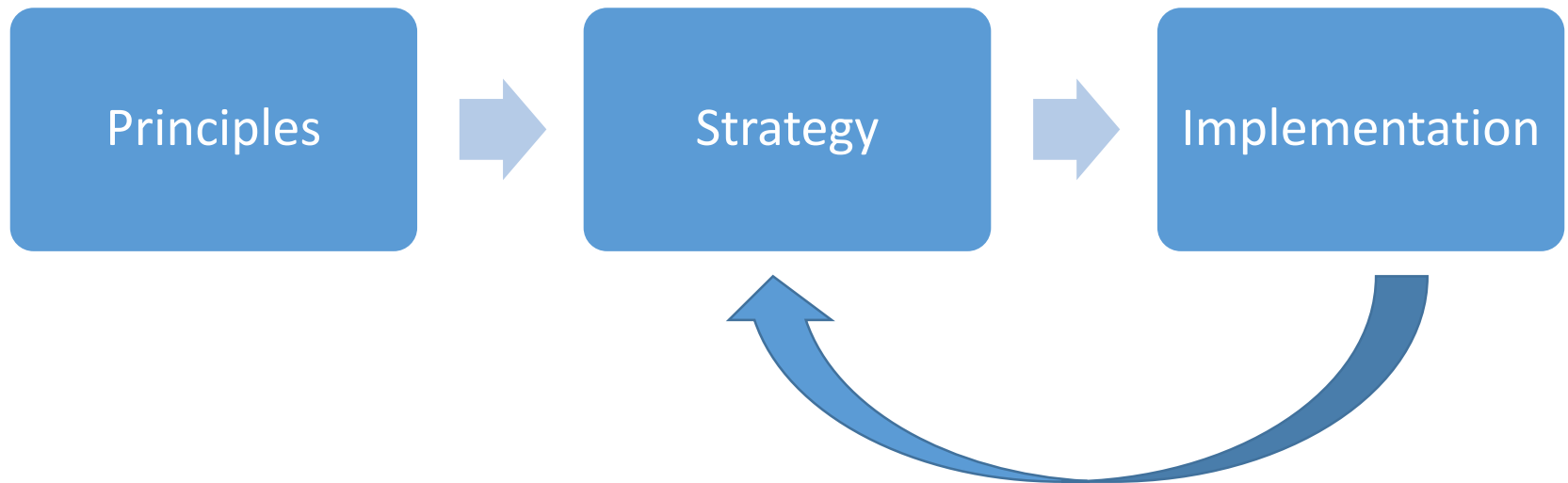
Advertising, historically



- “Things on the side of a bus”
- Strong revenue streams, but limited growth



Approach



Shared Value Capture



Principles for the MBTA

1. Shared Value

- for customers
- for communities
- for the T

2. Sustainable Stewardship

- providing the resources to run service
- delivering assets that will provide value for the MBTA in the long term





Digital Panel Project

Project background (Strategy)

- MBTA recognized that advertising is moving digital
 - Out-of-home advertising is growing overall, but growth is centered around digital formats
- Digital also allows for more flexibility:
 - In content
 - In information
- MBTA issued RFP in 2016
- Contract with Outfront Media began December 2016
 - Requires installation of 700 digital panels – at no cost to MBTA
 - Revenue share model – no required guarantees
 - MBTA has 1/3 of content on digital panels, Outfront 2/3
 - MBTA owns panels at end of contract



Implementation: Lessons

- Coordination in a 122-year-old system is a challenge
 - Multiple stakeholders
 - Operational needs are most important
- How do you address changing needs?



Project results

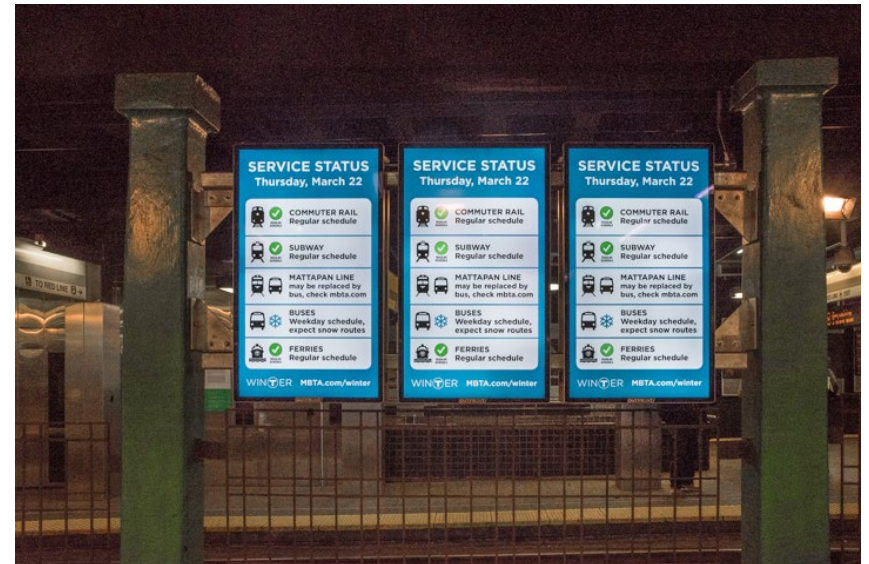
Shared Value

- Real-time and Disruption Communications
- Arts Program (ICA Teen Arts Program)



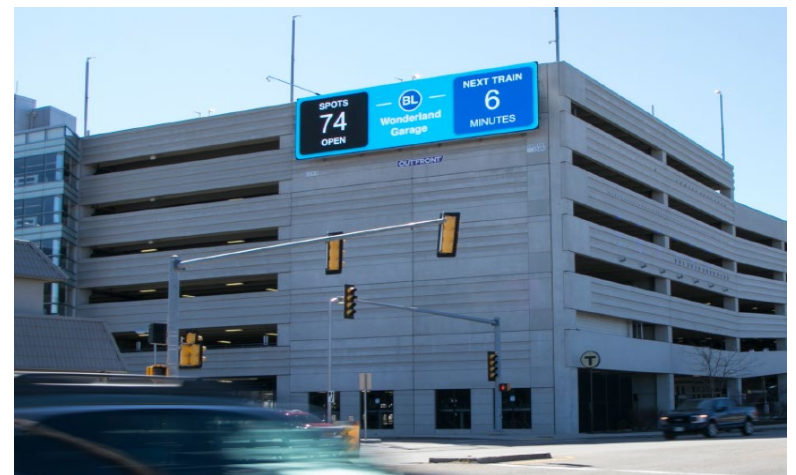
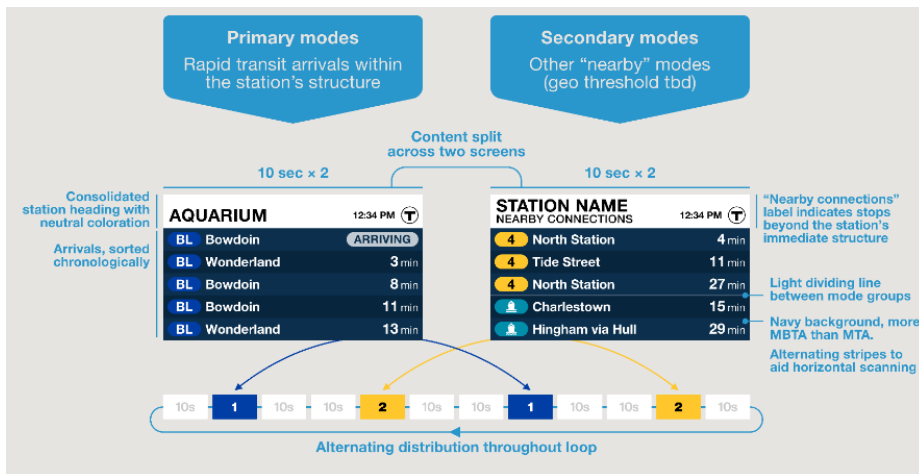
Sustainable Stewardship

- Assets
- Revenue growth



Project learnings

- The more work you can do upfront, the better the result
 - What is most important?
- New tools create new needs and desires
 - How do we get the most out of what we now have?
- Build in flexibility to address changing circumstances
 - Funding, contractual, and staffing



Takeaways

- Principle of shared value provides a framework for “value capture” methods
- Focusing on providing value for all stakeholders eases project implementation
- Building in flexibility allows projects to adapt to changing circumstances, particularly in dynamic industries



Thank you!

Evan Rowe

emrowe@mbta.com

