

1/26/22 Airport Commission - Digital Billboards Study Session Questions from Connolly, Hendrix, and Pyle - Outline

- Process & Timeline
- Contract Authority
- Energy Consumption Discrepancy of 50%
- Other Potential Unencumbered Revenue Sources
- In-Kind Ad Revenue Value

Process Timeline

- June 2018 - PP18-058 - Intent to Adopt a Negative Declaration on up to 22 signs
- Sept. 2018 - [Policy 6-4 approved](#) (codified Nov. 2018) - allowed SJC to investigate digital billboards with off-site advertising at four airport locations (plus other city properties)
- January 2019 - Airport Master Plan Amendment Released for [public comment](#)
- July 15th, 2019 - [Council Memo](#) identifies electronics billboards and RFPs and separates out the airport from the rest of the city. “Airport staff and the advertising concessionaire are currently finalizing an in-terminal marketing/sponsorship program. The Airport intends to address other advertising opportunities, including outdoor billboard advertising, once the in-terminal program has been fully developed.”
- *August 6, 2019 - Council approved allowing the Airport to use Clear Channel for its proposed digital billboards (vote was 11-0) ([page 2 of the 12/21/21 memo](#))*
- November 3rd 2019 - [Clear Channel announced](#) the in-building digital signage to great fanfare.
- [Nov. 2019 - Airport Master Plan Amendment](#) presented to Airport Commission & [published April 2020](#).
- Jan 2020 - Airport Master Plan Approved (two public comments - [SV Group and Ken Pyle](#)). The Mayor was promoting [sustainability](#) in his memo.
- *February 2020 - Clear Channel was approved for the development and operation of an electronic billboard under the guidelines outlined in Council Policy 6-4 ([page 2 of the 12/21/21 memo](#))*

June 2018 - PP18-058 - Intent to Adopt a Negative Declaration on up to 22 signs

- Where is the [link](#) to the Initial Study (other Negative Declarations link to their respective Initial Studies at this [link](#))?



Planning, Building and Code Enforcement
ROSALYNN HUGHEY, DIRECTOR

**PUBLIC NOTICE
INTENT TO ADOPT
A NEGATIVE DECLARATION
CITY OF SAN JOSE, CALIFORNIA**

Project Name: General Plan, Ordinance, and Policy Amendments for Signs on City-Owned Parcels

File No.: PP18-058

Description: City ordinance and policy changes to potentially allow up to twenty-two (22) additional signs on seventeen (17) City-owned sites, including billboards, programmable electronic signs and signs displaying off-site commercial speech, in accordance with Council direction, and in compliance with State and federal regulations.

Location: Citywide

Assessor's Parcel No.: Citywide

Council District: Citywide

Applicant Contact Information: Aparna Ankola, Project Manager, City of San Jose Department of Planning, Building & Code Enforcement, 200 East Santa Clara Street, San José, CA 95113

The City has performed environmental review on the project. Environmental review examines the nature and extent of any adverse effects on the environment that could occur if a project is approved and implemented. Based on the review, the City has prepared a draft Negative Declaration (ND) for this project. An ND is a statement by the City that the project will not have a significant effect on the environment.

The public is welcome to review and comment on the draft Negative Declaration. The public comment period for this draft Negative Declaration begins on **June 25, 2018, and ends on July 25, 2018 at 5 p.m.**

The draft Negative Declaration, initial study, and reference documents are available online at: <http://www.sanjoseca.gov/NegativeDeclarations>. The documents are also available for review from 9:00 a.m. to 5:00 p.m. Monday through Friday at the City of San Jose Department of Planning, Building & Code Enforcement, located at City Hall, 200 East Santa Clara Street; and at the Dr. Martin Luther King, Jr. Main Library, located at 150 E. San Fernando Street.

For additional information, please contact Jenny Nusbaum at (408) 535-7872, or by e-mail at Jenny.Nusbaum@sanjoseca.gov.

Rosalynn Hughey, Director
Planning, Building and Code Enforcement

Date 06/21/2018

Deputy Jenny Nusbaum

Circulation period: June 25, 2018 to July 25, 2018 at 5 p.m.

September 2018 - Policy 6-4 Approved - Approximately 3.5 Months Prior to Release of the Airport Master Plan

- How were these sites identified?
- Who initiated and identified these sites? Was it SJC, the City of San Jose/Office of Economic Development, or Clear Channel?
- Why weren't they included in the Airport Master Plan, which wasn't released until **January, 2019?**

List 1. Potential City-owned Sites for proposed Signage Installation

APN	CURRENT USE	ADDRESS	SIGNS
259-34-039	San Pedro Market Parking Garage	45 North Market Street	2
467-21-002	CSJ Parking Garage	95 North Third Street	1
259-43-064	Center for Performing Arts	255 Almaden Boulevard	2
467-46-109	Hammer Theater	101 Paseo San Antonio	2
467-46-097	CSJ Parking Garage	280 South Second Street	1
259-40-066	San Jose Museum of Art	110 South Market Street	1
259-28-043	SAP Center	525 West Santa Clara Street	2
254-01-004	Mabury Service Yard *	1404 Mabury Road	1
259-06-054	CSJ Parking Lot	737 North San Pedro Street	1
259-04-019	CSJ Parking Lot	Hwy 87 and West Mission Street	1
101-03-009	Airport Facility ^{1*}	2500 Seaboard Avenue	1
230-01-058	Airport Facility ¹	2200 Airport Boulevard	1
230-46-065	Airport Facility ¹	1128 Coleman Avenue	1
230-02-021	Airport Facility ^{1*}	2341 Airport Boulevard	1

August 6, 2019 - Council approved allowing the Airport to use Clear Channel for its proposed digital billboards

- *When was the in-terminal marketing plan finalized?*
 - *Clear Channel was mentioned at the [February 11th, 2019 Airport Commission meeting](#).*
 - *One would have thought the in-terminal marketing would have been part of the [08/12/2019 Airport Commission meeting](#), but the minutes don't indicate it was.*
 - *Here are the [minutes](#) of what was approved at the [August 6th 2019 City Council meeting](#). The only [written comment](#) from the public was from Outfront Media. There were four public comments during the meeting.*

February 2020 - Clear Channel Approval

- February 2020 - Clear Channel was approved for the development and operation of an electronic billboard under the guidelines outlined in Council Policy 6-4
 - Who approved Clear Channel for the development and operation of electronic billboards in Feb 2020?
 - Where is this documented as it wasn't obvious in examining Council agendas or minutes?

Where is the Contract Authority to Build Electronic Outdoor Billboards on Airport Property?

I. Background - Clear Channel Outdoor Inc dba Clear Channel Airports

- A. Original Agreement was executed [7/31/2007](#)
- B. Contract amendments 2 through 5 extends the existing agreement to 6/30/20
- C. Contract [Amendment 6](#) is signed on 4/3/2019 extending the existing agreement to 6/30/2027

RD KF
6-25-07

ORIGINAL

6/5/07
6.3(a)
73803

NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT

ADVERTISING CONCESSION AGREEMENT
BY AND BETWEEN
THE CITY OF SAN JOSE
AND
CLEAR CHANNEL OUTDOOR, INC., d/b/a CLEAR CHANNEL AIRPORTS

DATED: 7/31/07

(DOCUMENT NO. 10256-CA-07)

RD KSHF CAG
2/28/2019
Rev. 3/29/2018

SIXTH AMENDMENT TO
ADVERTISING CONCESSION AGREEMENT
BETWEEN
THE CITY OF SAN JOSE
AND
CLEAR CHANNEL OUTDOOR, INC. dba CLEAR CHANNEL AIRPORTS

This SIXTH AMENDMENT TO ADVERTISING CONCESSION AGREEMENT is entered into this 2nd day of April, 2019, by the CITY OF SAN JOSE, a municipal corporation of the State of California ("City"), and CLEAR CHANNEL OUTDOOR, INC. dba CLEAR CHANNEL AIRPORTS, a Delaware corporation authorized to do business in California ("Concessionaire").

RECITALS

WHEREAS, on July 31, 2007 City and Concessionaire entered into an agreement entitled "Norman Y. Mineta San Jose International Airport City of San Jose Advertising Concession Agreement" ("Agreement"); and

WHEREAS, on October 1, 2008, City and Concessionaire entered into a First Amendment to the Agreement to make a clerical correction to the Agreement; and

WHEREAS, on June 15, 2010, City and Concessionaire entered into a Second Amendment to the Agreement to lower the amount of the Minimum Annual Guarantee ("MAG") retroactive to the Commencement Date, amend the provisions of Section 20 regarding Alterations and Improvements, and amend certain provisions regarding Advertising Sites; and

Original and Amendment 2 Contract Questions

1. Does [Section 4.7 \(page 29\) Excluded Advertising \(i\) of the original contract agreement still apply? Is it still relevant today?](#)

i) are free-standing, outdoor billboards; and

2. Electronic billboards represent a MAJOR change in scope for the existing contract. [Section 3.3.4.7 Other Marketing Income Opportunities defined in Contract amendment 2 executed June 15, 2010 states:](#)

3.3.4.7 Other Marketing Income Opportunities
Additional marketing income opportunities may be developed.”

If this is the contract authority being used to justify the expansion of the digital program, how come electronic billboards were not included in the very detailed description of work to be completed by the vendor contained in Exhibit M & Exhibit N of contract amendment 6?

Where is the Contract Authority to Build Electronic Outdoor Billboards on Airport Property?

II. Where is the contractual authority to expand the "new digital program" included in Contract Amendment 6 to include electronic billboards?

A. Exhibit M New Digital Program (2 pages)

B. Exhibit N New Digital Program Improvements Timeline

III. Is there a revised Digital Program location map and corresponding schedule that includes electronic billboards?

Exhibit M - New Digital Program - 1st Page

1. Interior Terminal Map with legend as to where digital advertising will be placed inside the terminal
2. Exterior Airport footprint with legend as to where digital advertising will be placed outside the terminal
 - a. No icon or legend symbol indicating the locations of the electronic billboards along Hwy 101

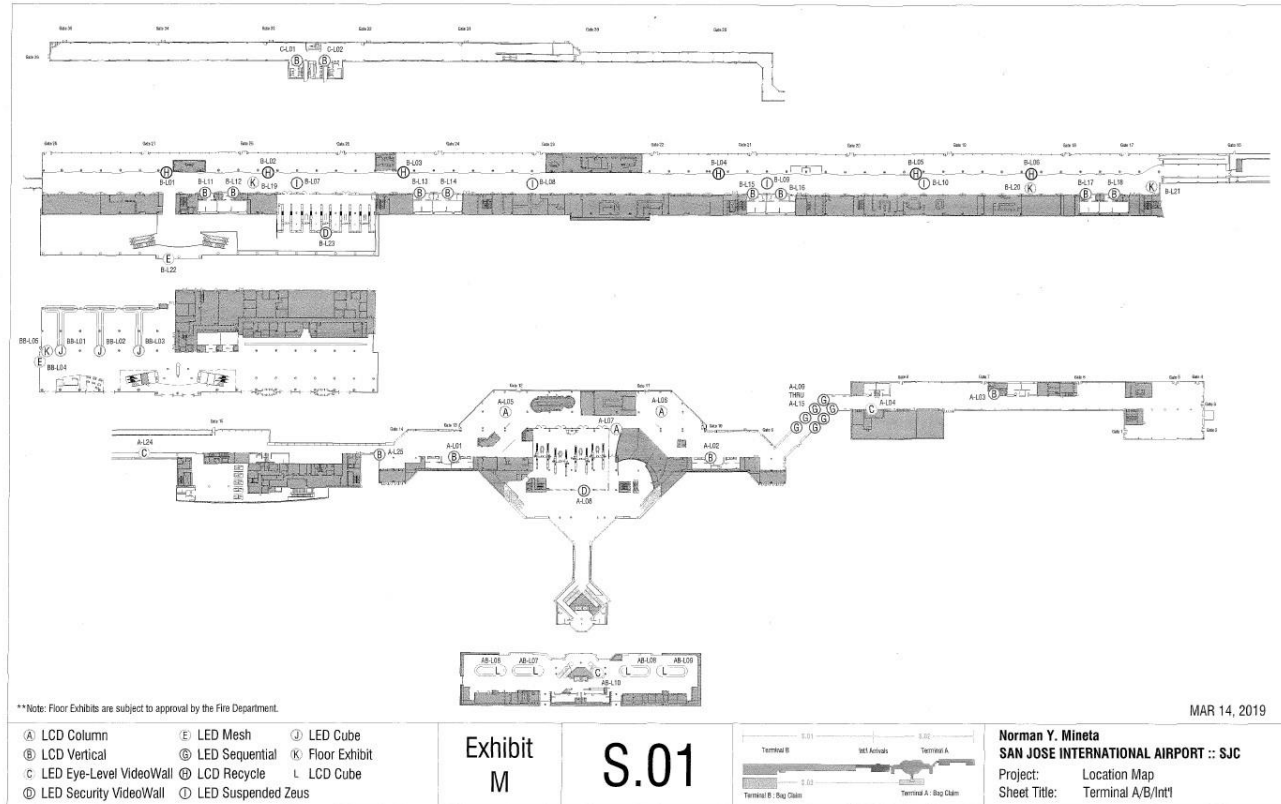


Exhibit M - 2nd Page

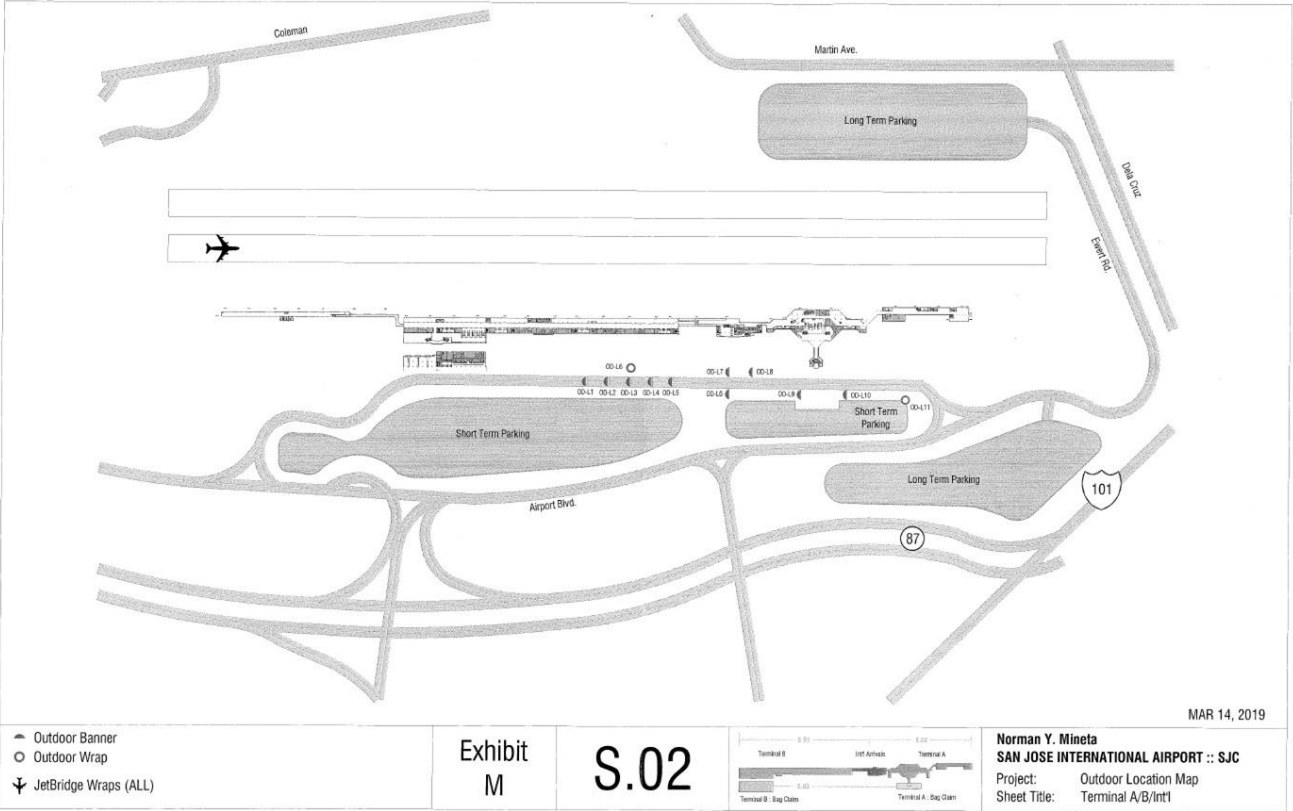
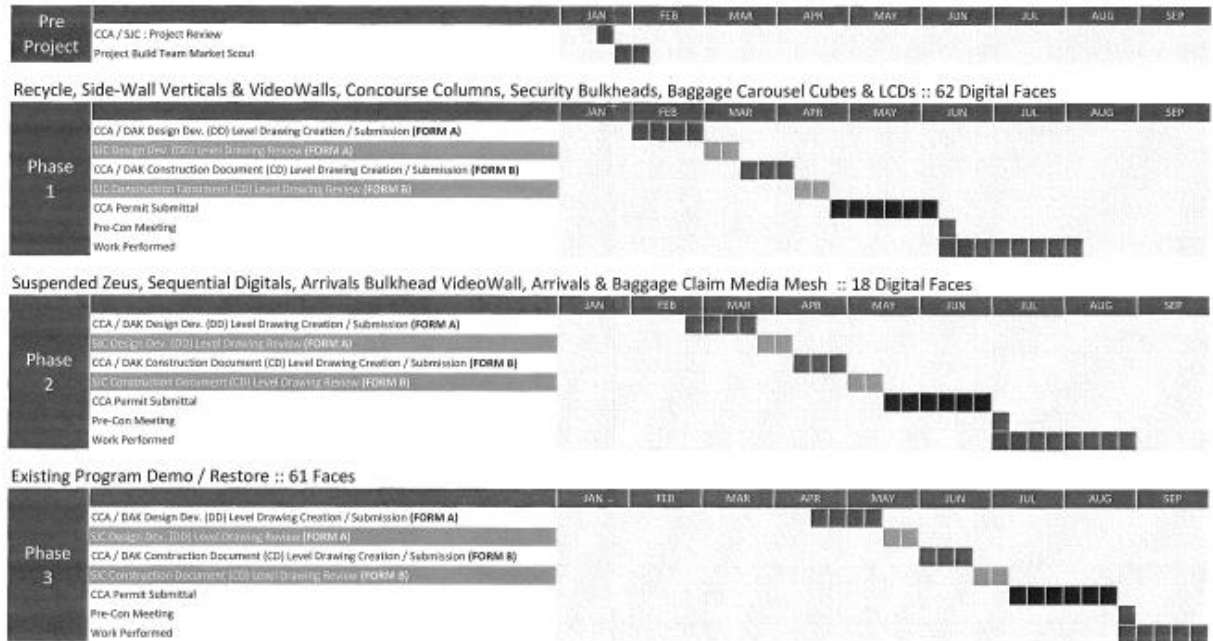


Exhibit N - New Digital Program Improvements Timeline

1. Comprehensive Schedule for tasks presented
2. No schedule for electronic digital billboards

SJC Construction Schedule : Exhibit N

2/22/2019



What is the Annual Energy Consumption, 118 or 176 MWh?

- Per Page 88 of the Initial Study, each digital billboard consumes 59 MW-hours per year.
- What provisions are there to shut down power consumption prior to shutting down during brownouts?

59 MW-h/billboard/year
x2 for North Sign



59 MW-h/billboard/year
x1 for South Sign

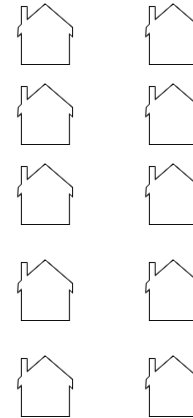
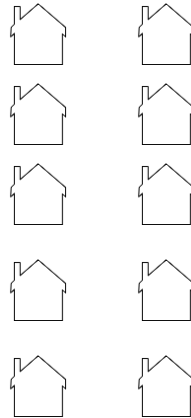
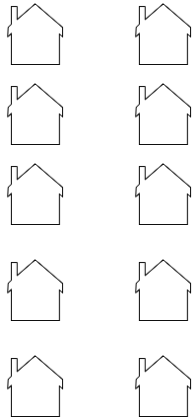


$$\begin{array}{rcl}
 \text{North Sign} & + & \text{South Sign} \\
 59 \text{ MW-h} + 59 \text{ MW-h} & + & 59 \text{ MW-h} \\
 & & = 176 \text{ MW-h}
 \end{array}$$

But, the Initial Study says 118 MW-h

30.5 Houses Equivalent Power Consumption

- San Jose Clean Energy, each house consumes about 5.9 MW-h per year
- 1 Sign = 59 MW-h/year = 10 houses
- 3 Signs = 30.5 houses



Other Potential Unencumbered Revenue Sources?

- What are potential sources of unencumbered revenue for the Airport besides digital billboards?
- Some of these are landside development projects on SJC property, Parking & Roadways, correct? Others?



Parking Increase of 15 to 38 Cents/Day

Could the \$490k be generated by a **0.8% to 2.1%** increase in Parking and Roadways fees, translating into, for instance, an increase of **15 to 38 cents** per day for the \$18 daily parking fee?

490k divided by \$64M Parking and Roadways Revenue (2019) = 0.8%

490k divided by \$25.2M Parking and Roadways Revenue (2021) = 2.1%



Aren't the In-Kind Ad Spots Worth \$40k-\$50k, not \$250k?

Givens:

MAG = \$490k & 55% of Gross Revenue

In-Kind Ad Spots = 10% of Gross Revenue

Calculation:

Gross Revenue = \$891k ($\$490\text{k}/0.55$)

Gross Value of In-Kind Ad Spots = \$89.1k ($0.10 \times \891k)

But, SJC could have Clear Channel sell that inventory yielding 55% of that value

Or \$49k ($0.55 \times \89.1k) of potential revenue

For a Net Value of In-Kind Ad Spots of **\$40.1k** ($\$89.1\text{k} - \49k)