



City of Arts & Innovation

Financial Performance and Budget Committee

TO: FINANCIAL PERFORMANCE AND BUDGET COMMITTEE MEMBERS DATE: AUGUST 12, 2022

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARDS: ALL

SUBJECT: CONSIDER A PROPOSAL RECEIVED BY OUTFRONT MEDIA, IN RESPONSE TO THE REQUEST FOR PROPOSALS NO. 2188 FOR FREEWAYS AND/OR ROADWAY RIGHT-OF-WAY OUTDOOR DIGITAL MEDIA SIGNAGE TO GENERATE REVENUE FROM CITY-OWNED PROPERTY

ISSUE:

Consider a proposal received by Outfront Media, in response to Request for Proposals (RFP) No. 2188 for Freeways and/or Arterial Roadway Right-of-Way Outdoor Digital Media Signage Program to generate revenue from City-owned property.

RECOMMENDATIONS:

That the Financial Performance and Budget Committee:

1. Consider a proposal received by Outfront Media, in response to RFP No. 2188, for a Citywide Outdoor Digital Media Signage Program to generate revenue from City-owned property; and
2. Direct staff to negotiate an agreement with Outfront Media for billboard advertising on City-owned sites abutting freeways to be presented to City Council for final consideration.

BACKGROUND:

On July 8, 2020, at the direction of the Financial Performance and Budget Committee, staff identified revenue generating opportunities including the potential placement of billboard advertising signs on City-owned sites abutting freeways and on City arterial rights-of-way. Staff was directed to return to the Financial Performance and Budget Committee with comprehensive proposals received through a formal RFP process seeking a firm that will develop, construct, operate and maintain digital message board sign(s)/billboards on City-owned properties and arterial rights-of-way.

On November 3, 2020, Community & Economic Development Department staff issued an RFP seeking a firm that will work with the City to develop, construct, operate and maintain digital message board sign(s)/billboards on City-owned properties and/or arterial rights-of-way.

On December 22, 2020, staff received proposals from:

- Lamar Advertising Company
- Outfront Media

Neither proposal met the complete scope of work required in the RFP. For example, the Outfront Media proposal did not include City arterial right-of-way signs, as requested in the RFP, and the proposal from Lamar Advertisement did not meet the expectations for quality of design. As a result, staff was directed to issue an amendment to the RFP seeking a comprehensive Citywide Outdoor Digital Media Signage Program.

On September 15, 2021, the Community & Economic Development Department issued Amended RFP No. 2127, which was provided to the shortlisted respondents of the original RFP issued on November 3, 2020. The Amended RFP No. 2127 solicited for a Citywide Outdoor Digital Media Signage Program including: 1) City-owned land abutting freeways; 2) arterial roadway rights-of-way; 3) pedestrian/bike rights-of-way; 4) City-owned building/structures (such as parking garages, community centers, etc.); and/or 5) other City-owned property near other nodes or corridors of activities (such as passenger rail corridors, etc.). Staff received one proposal from Lamar Advertising Company. However, the proposal did not address all aspects of the RFP. Due to the incomplete proposal submitted, the Finance Department's Purchasing Division determined that the vendor submittal was non-responsive.

On March 11, 2022, the Financial Performance and Budget Committee directed staff to issue two requests for proposals. One RFP for a Digital Media Signage Program for City-owned land abutting freeways, and arterial roadway rights-of-way, and another RFP for pedestrian/bike rights-of-way, building/ structures, and/or other City-owned property near other nodes or corridors of activities.

DISCUSSION:

Responses to RFP No. 2187 (pedestrian/bike right-of-way) and 2188 (Freeway and/or arterial right-of-way) were due April 29, 2022. The City received no proposals for RFP 2187 and two proposals for RFP 2188. To evaluate the proposals received, an evaluation committee consisting of Successor Agency, Public Works, Economic Development, and Planning staff was convened. The RFP evaluation committee carefully reviewed and considered each proposal in accordance with City policy and procedures, and collectively determined that the Outfront Media proposal was most responsive, offering higher revenue share, city advertisement time, and projected revenue time.

The matrix below provides a summary of both proposals including anticipated revenue generation. It should be noted that staff considers all financial proposals to be preliminary and the final financial terms will be further negotiated prior to City Council approval.

	Outfront Media	Lamar
Freeway Signs	6	4
Arterial Signs	0	7
Total Signs	6	11
Traffic and Air Quality Data	Provided	Not provided
City Advertisement Time	12.5%- No Cost, 12.5% at 50% of rate card	10% of Available Time, Not Total Time
Local Business Discount	50% discount during 20% of the advertising time spread over each operational day	Not provided
Term	10-year agreement with optional 10-year extension	30-year with optional 30-year extension
Revenue Share	Effective Rate ~46% (40% years 1-10, 50% years 11-20)	25%
Upfront Payment	\$1,200,000 (First year guarantee paid upfront)	\$1,559,340 (Bonus)
Annual Guaranteed Revenue	\$1,200,000, Increases by 15% every 5 years	\$480,000
Minimum Guarantee over 10 Years	\$12,900,000	\$6,359,340
Minimum Guarantee over 20 Years	\$29,960,250	\$11,159,340
Projected Revenue over 10 years	\$21,412,218	\$6,914,156
Projected Revenue over 20 years	\$58,184,418	\$13,519,730

The recommended proposal identifies six locations for freeway-adjacent digital media signage summarized in the table below. The table also includes staff’s preliminary determination as to whether the proposed locations qualify for declassification as a Landscaped Freeway by CalTrans, a prerequisite for the installation of freeway-adjacent off-site advertising (i.e., billboards). It should be noted that the final decision on a request for declassification is the responsibility of CalTrans.

Proposed Freeway LED Digital Signs Locations:

Locations	Size	Requirements
860 E. La Cadena Drive (Riverside Public Utilities Property)	14’x48’ (two sided)	*Landscape Declassification or Caltrans Relocation Agreement.

		*High Potential for declassification and Caltrans Permit.
3575 Vine Street	14'x48' (two sided)	*Landscape Declassification or Caltrans Relocation Agreement. *Moderate Potential for declassification and Caltrans Permit.
3255 Panorama Road (Riverside Public Utilities Property)	14'x48' (two sided)	*Landscape Declassification or Caltrans Relocation Agreement. *Moderate Potential for declassification and Caltrans Permit.
Fairmont Park Golf Course	14'x48' (two sided)	*Landscape Declassification or Caltrans Relocation Agreement. *Moderate Potential for declassification and Caltrans Permit.
9501 Indiana Avenue	14'x48' (two sided)	*Landscape Declassification or Caltrans Relocation Agreement. *Low Potential for declassification and Caltrans Permit.
3472-3473 Farmham Pl. / 9384 Martha Way	14'x48' (two sided)	*Landscape Declassification or Caltrans Relocation Agreement. *Low Potential for declassification and Caltrans Permit.

Other Considerations

Each proposed location requires a Caltrans Outdoor Advertising permit for placement because they are adjacent to a Classified Landscaped Freeway. The selected firm must submit a request to Caltrans to declassify the sections of Classified Landscaped Freeway where the off-site billboard advertising would be located. Each section must be evaluated for declassification eligibility based on Caltrans criteria.

Billboards on private land are currently prohibited Citywide pursuant to Chapter 19.623 (Billboard Signs) of the Zoning Code, with a few exceptions. First, existing, legally established billboards on private land can remain if they remain actively used and not abandoned. Second, three existing freeway-oriented electronic message center signs located in the Riverside Auto Center, the Riverside Marketplace, and University Village were previously established under Redevelopment law and can remain in place under the terms of their respective authorizations within former Redevelopment Project Areas or Business Improvement Districts, In addition, the Sherman Indian school property is federal land and has a federal exemption that allows for billboards on-site only. However, because the recommended proposal would involve the siting of digital media signage on City-owned land as a project with City involvement, the proposal would be exempt from the existing prohibition of new billboards on private land as a public project for public purposes pursuant to 19.040.110 of the Riverside Municipal Code.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the **Strategic Priority 5 – High Performing Government** and **Goal 5.4 – Achieve and maintain financial health by addressing gaps between revenues and expenditures**

and aligning resources with strategic priorities to yield the greatest impact.

The item aligns with each of the five Cross-cutting Threads as follows:

1. **Community Trust** – The proposed Citywide Outdoor Digital Media Signage Program will provide conduits for public information which serves the public interest.
2. **Equity** – The proposed Citywide Outdoor Digital Media Signage Program will ensure that City-owned properties will be maximized for community benefit and will generate revenue for the City to fund public services necessary to promote growth and provide equitable economic benefits throughout the immediate area.
3. **Fiscal Responsibility** – The proposed Citywide Outdoor Digital Media Signage Program demonstrates that Riverside is a prudent steward of public funds and ensures responsible management of the City’s financial and property resources.
4. **Innovation**– The proposed Citywide Outdoor Digital Media Signage Program demonstrates that Riverside is innovative by maximizing opportunities to reinforce the City’s image and identifying and implementing programs to generate revenue for the City.
5. **Sustainability & Resiliency** – The proposed Citywide Outdoor Digital Signage Program demonstrates Riverside’s commitment to meeting the needs of the present without compromising the needs of the future and ensuring the City’s capacity to persevere, adapt and grow during good and difficult times alike.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this report. However, allowing billboard advertising signs on City-owned sites along freeways could result in additional positive revenue for the General Fund. If all six (6) sign locations proposed by Outfront are viable, the minimum annual revenue to the General Fund would be \$1,200,000.

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