



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
April 19, 2022

TOPIC: Digital Billboards and Digital Banners

AGENDA TITLE

Approve an Agreement with Outfront Media LLC for the Design, Construction, Maintenance, and Operation of Digital Billboards and Digital Banners at City-owned Properties throughout the City for a 25-Year Term (General Fund)

RECOMMENDED ACTION

Authorize the City Manager to execute an agreement with Outfront Media LLC to design, construct, maintain, and operate digital billboards at City-owned freeway locations and digital banners throughout the City, and to share advertising revenue from digital billboards and digital banners, for a 25-year period beginning April 19, 2022 and ending April 18, 2047, with an option to extend for a period of ten years, subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION

The City has identified digital billboards and digital banners as revenue generators to support right-of-way operations and improvements. A Request for Proposals (RFP) for Design, Construction, Maintenance, and Management of Digital Billboards and Management of Bus Shelters and Bus Stops (Exhibit 1) was released on November 12, 2020, and the City received four proposals. The RFP solicited proposals from outdoor advertising companies that develop digital billboards and banners, as well as bus stop maintenance and advertising. However, after reviewing the proposals, it was determined that it was in the best interest of the City to separate the RFP components and award the design, construction, maintenance, and management of digital billboards and digital banners separately from the management of bus shelters and bus stops.

Of the four proposals received, three vendors submitted proposals for the design, construction, maintenance, and management of digital billboards and digital banners. These proposals were evaluated and rated by a four-member committee and based upon company and team experience, understanding of need, schedule, references, and projected revenue. After evaluating the proposals, the committee ranked the proposals as follows:

Firm	City	Rank
Outfront Media, LLC	New York, NY	1
Clear Channel Outdoor	Torrance, CA	2
Lamar Advertising Company	Los Angeles, CA	3

Based upon ranking and proposed advertising revenue-sharing with the City, staff recommends that Outfront Media be awarded an agreement for the design, construction, maintenance, and management of digital billboards and digital banners for a 25-year period, with a ten-year extension option, for a potential total agreement term of 35 years (Exhibit 2).

First-year revenue is estimated at \$550,000 in bonus payments while the billboards and banners are being constructed (a period of up to one year per site). Once operational, the City will receive annual payments of 40 percent of the estimated net advertising revenue of \$830,304, or the minimum annual guarantee of \$1,180,000, whichever is greater. Revenues will be utilized to support various right-of-way programs and improvements.

The agreement includes the development of a comprehensive community outreach and communication plan for each location. Outfront Media will be required to hold community meetings for each location and to address all questions and concerns raised by the community to the satisfaction of the City.

ENVIRONMENTAL IMPACT

The City will determine the level of environmental review required based on the initial study performed by Outfront Media. Outfront Media will be responsible for the preparation, at its own cost, of any required environmental review and documentation.

FISCAL IMPACT

Revenues from this Digital Billboards and Digital Banners Management agreement will be generated as billboards and banners are installed and advertising revenue streams are established. Revenue will be received and utilized for the sole purpose of maintaining the public right-of-way in Fiscal Year 2022-23, and in perpetuity. Funds (revenue and expenditure) will be budgeted and made available in the following accounts.

Fiscal Year	Accounting Unit - Account #	Fund Description	Accounting Unit, Account Description	Amount
2022-23	01117002-57797	General Fund	Public Works Revenues, PWA Digital Billboards/Banners	\$550,000

Fiscal Year	Accounting Unit - Account #	Fund Description	Accounting Unit, Account Description	Amount
2022-23	01117622-66220	General Fund	Public Works Right-of-Way, Improvements Other Than Building	\$550,000

EXHIBIT(S)

1. Request for Proposal 20-139
2. Agreement with Outfront Media LLC

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager