

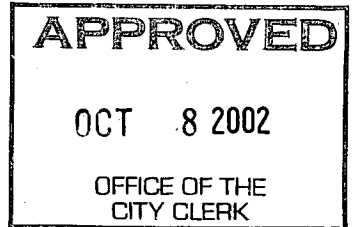
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ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

October 8, 2002

City Council
Sacramento, California



Honorable Members in Session

SUBJECT: LEASE OF THREE BILLBOARD STRUCTURES

LOCATION AND COUNCIL DISTRICT: West Side of Business 80 between E Street
and Cal Expo Exits, Council District 3

RECOMMENDATIONS:

It is recommended the City Council, by resolution, direct staff to:

- 1) Issue a Request For Proposals (RFP) which is attached as Exhibit 1 to lease in their current location, configuration and size, or alternatively, to relocate, pursuant to a relocation agreement under Section 15.148.815 of Title 15 of the City Code, the three City-owned billboard structures west of Business 80.
- 2) Staff shall bring forth to Council for approval the best proposal based on the identified criteria

CONTACT PERSONS: Kristan Otto, Economic Development 264-7948
Micah Runner, Economic Development 264-5448

FOR THE COUNCIL MEETING OF: October 8, 2002

SUMMARY:

The City of Sacramento has determined in prior actions to continue to lease the billboards and to use the revenue to fund Sutter Landing Park and that determination overrides the desire to remove billboards from roads and highways.

Proposals shall include the following requirements:

Building on Our History - Creating The Place to Be.

A. Relocation requirements

- The proponent shall be responsible for the removal of the City billboard(s) being relocated, including any costs and expenses associated therewith.
- The proponent shall be responsible for the installation of the relocated billboard(s), including any costs and expenses associated therewith.
- The maximum term of a relocation agreement shall be ten years, after which the proponent shall remove the relocated billboard(s). The proponent shall be responsible for the removal of the relocated billboard(s) at the end of the term of the relocation agreement, including any and all costs and expenses associated therewith.

B. Lease requirements

- Lease term of one year.
- Anticipated revenue to be received by the City under the lease.
- The tenant will be responsible for all maintenance of the leased billboard structures during the term of the lease.
- The tenant will be responsible for the payment of all utilities associated with the leased billboard structures.
- The tenant will be responsible for the payment of all taxes or other assessments associated with the leased billboard structures.

C. The City will take the following into consideration when reviewing submitted proposals:

- The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- The City desires to have billboards removed throughout the City of Sacramento.
- The proponents may include proposals for three and five year terms specifying the additional advantages for doing so.
- The City will accept a maximum of three proposals from each proponent.

The RFP recommended in this report is definitive as to the City's goals: 1) earliest removal of the billboard signs and 2) maximizing revenues for Sutter Landing Park

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

Viacom Outdoor leases three billboard structures owned by the City. The billboard structures are on city property on the west side of Business 80, between the E Street and Cal Expo exits. The current lease expires on December 31, 2002.

The City had two options at the expiration of the original lease that expired December 31, 1999: 1) either remove the structures or 2) re-lease the structures and use the lease revenue to support the development of Sutter Landing Park. At that time it was determined the income generated overrode the City's desire to remove billboards from roads and highways

A consultant knowledgeable in the outdoor advertising industry was retained to help establish the parameters of the original RFP, the minimum rent based on the market rate, and location of the billboard structures.

Subsequently, two RFPs (one issued August 22, 2000 and another issued on March 5, 2001), which were to find competitive and common ground for the two options, were issued. Council rejected the responses from those RFPs. Both RFPs allowed for many variables in the responses and made them difficult to compare and determine which proposal best fit the City's goals.

With the issuance of the third RFP on July 1, 2001 the City received proposals from Viacom Outdoor and Eller Media. The City Council, by resolution, awarded the contract to Eller Media based on their proposal for a one-year lease. However, the City Council recognized Viacom's "right of first refusal" that gave them the ability to match Eller's offer. Viacom met the one-year lease deal offered by Eller Media and the City of Sacramento entered into the lease with Viacom for a one-year term expiring December 31, 2002. The revenue generated from the lease agreement with Viacom was \$175,000, due upon the start of the lease term.

FINANCIAL CONSIDERATIONS:

The lease currently generates \$175,000 per year and is deposited in the Sutter Landing Park Development Account (101-500-LS11). The potential revenue to be generated for the next term varies depending on the length of the term.

POLICY CONSIDERATIONS:

After Sutter Landing Park is adequately funded, the billboards will be removed at the termination of the lease period. The Council's action involves a waiver of the normal bid process for the lease of City property.

ENVIRONMENTAL CONSIDERATIONS:

The Action recommended is exempt from the CEQA review pursuant to Section 15378 (b)(3) of the California Environmental Quality Act, "general policy and procedure making".

ESBD CONSIDERATIONS:

City Council adoption of the attached resolution is not affected by the City policy related to the ESBD Program since no goods or services are being purchased with this action.

STRATEGIC PLAN CONSIDERATIONS:

The recommendations in this staff report are consistent with the following goals outlined in the City's 2001-2004 Strategic Plan.

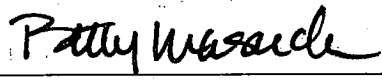
1. Preserve and expand the arts and culture, open space, urban forest, parks, and recreation opportunities.
2. Promote and support economic vitality
3. Enhance and preserve the neighborhood

Respectfully submitted,

Approved:




Kristan Otto, Manager
Economic Development Department

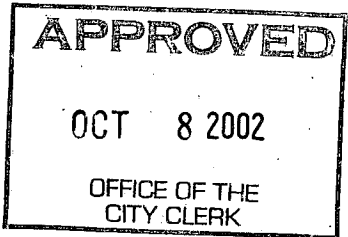


Betty Masuoka
Assistant City Manager

RECOMMENDATION APPROVED



Robert P. Thomas
City Manager



RESOLUTION NO. 2002-666

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SACRAMENTO AUTHORIZING THE CITY MANAGER TO
RELEASE A REQUEST FOR PROPOSALS FOR THREE
OUTDOOR ADVERTISING STRUCTURES**

WHEREAS, the City of Sacramento owns three outdoor advertising structures located on parcel 001-0170-026;

WHEREAS, on December 31, 2002, the current lease with Viacom Outdoor expires;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento:

- 1) The City Manager is authorized to issue a Request for Proposals to lease in their current location, configuration and size, or alternatively, to relocate, pursuant to a relocation agreement under Section 15.148.815 of Title 15 of the City Code, the three City-owned billboard structures west of Business 80. Subject to the restrictions set forth below, proposals may include the lease of all three-billboard structures; the relocation of all three-billboard structures; or a combination of leasing and relocation of the three billboard structures; provided that proposals shall address all three billboards. Proposals that do not address the lease or relocation, or combination thereof, of all three billboards shall be considered non-responsive.

Proposals shall include the following requirements:

- a. Relocation Requirements
 - i. The proponent shall be responsible for the removal of the City billboard(s) being relocated, including any costs and expenses associated therewith.
 - ii. The proponent shall be responsible for the installation of the relocated billboard(s), including any costs and expenses associated therewith.
 - iii. The maximum term of a relocation agreement shall be ten years, after which the proponent shall remove the relocated billboard(s). The proponent shall be responsible for the removal of the relocated billboard(s) at the end of the term of the relocation agreement, including any and all costs and expenses associated therewith.

b. Lease Requirements

- i. Lease terms of one year.
- ii. Anticipated revenue to be received by the City under the lease.
- iii. The tenant will be responsible for all maintenance leased billboard structures during the term of the lease.
- iv. The tenant will be responsible for the payment of all utilities associated with the leased billboard structures.
- v. The tenant will be responsible for the payment of all taxes or other assessments associated with the leased billboard structures.

c. The City will take the following into consideration when reviewing submitted proposals:

- i. The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- ii. The City desires to have billboards removed throughout the City of Sacramento.
- iii. The proponents may include proposals for three and five year terms specifying the additional advantages for doing so.
- iv. The City will accept a maximum of three proposals from each proponent.

2) Lease revenues received by the City of Sacramento will be programmed to the Sutter Landing Park Development CIP (101-500-LS11).

3) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

APPROVED:

Mayor

ATTEST:

City Clerk

REQUEST FOR PROPOSALS:

CAPITOL CITY FREEWAY OUTDOOR ADVERTISING STRUCTURES

The City of Sacramento Economic Development Department is requesting proposals for the lease of three two-sided outdoor advertising structures located along the northwest side of the Capitol City Freeway between "E" Street and the Elvas railroad overpass.

The Department staff will evaluate the submitted proposals and negotiate a lease for the advertising structures with the submission that meets the criteria set forth below and provides maximum advantages to the City.

The Sacramento City Council directed the Department to issue this Request for Proposals ("RFP") to Eller Media Company and Viacom Outdoor.

SUBMISSION REQUIREMENTS

Proposals shall include the following requirements:

a) Relocation requirements

- The proponent shall be responsible for the removal of the City billboard(s) being relocated, including any costs and expenses associated therewith.
- The proponent shall be responsible for the installation of the relocated billboard(s), including any costs and expenses associated therewith.
- The maximum term of a relocation agreement shall be ten years, after which the proponent shall remove the relocated billboard(s). The proponent shall be responsible for the removal of the relocated billboard(s) at the end of the term of the relocation agreement, including any and all costs and expenses associated therewith.

B) Lease requirements

- Lease term of one year.
- Anticipated revenue to be received by the City under the lease.
- The tenant will be responsible for all maintenance of the leased billboard structures during the term of the lease.
- The tenant will be responsible for the payment of all utilities associated with the leased billboard structures.
- The tenant will be responsible for the payment of all taxes or other assessments associated with the leased billboard structures.

PROPOSAL REVIEW

The City will take the following into consideration when reviewing submitted proposals:

- The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- The City desires to have billboards removed throughout the City of Sacramento.

- The proponents may include proposals for three and five year terms and specifying the additional compensation for doing so.
- The City will accept a maximum of three proposals from each proponent.

OTHER PROVISIONS

The City of Sacramento hereby reserves the right to reject any and all proposals submitted in response to this RFP.

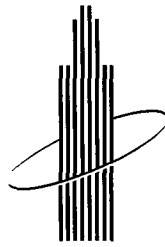
The RFP, resulting lease or relocation agreement may include additional terms and conditions established by the City manager

DUE DATE

Written responses to the RFP are due no later than 5:00 pm on Friday, November 8, 2002 to Economic Development Department, City of Sacramento, 1030 15th Street, Suite 250, Sacramento, California, 95814, Attention: Micah Runner, Economic Development Project Manger.

CONTACT

Any questions or requests for additional information should be directed to Micah Runner, Economic Development Project Manager, at the address indicated above or by telephone 916-264-5448; facsimile 916-264-8161 or e-mail: mranner@cityofsacramento.org.



ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

2.3
2.10

September 24, 2002

CONTINUED
FROM 9/24/02
TO 10/08/02

City Council
Sacramento, California

Honorable Members in Session

SUBJECT: LEASE OF THREE BILLBOARD STRUCTURES

LOCATION AND COUNCIL DISTRICT: West Side of Business 80 between E Street
and Cal Expo Exits, Council District 3

RECOMMENDATIONS:

It is recommended the City Council, by resolution, direct staff to:

- 1) Issue a Request For Proposals (RFP) to lease the three billboard structures west of Business 80 with the following parameters.
 - a) Proposals shall include the following requirements:
 - Lease terms of one, three and five years.
 - Anticipated revenue to be received by the City under the lease.
 - The tenant will be responsible for all maintenance of the three billboard structures during the term of the lease.
 - The tenant will be responsible for the payment of all utilities associated with the three billboard structures.
 - The tenant will be responsible for the payment of all taxes or other assessments associated with the billboard structures.
 - b) The City will take the following into consideration when reviewing submitted proposals:
 - The City desires a lease payment schedule that maximizes the revenue early in the lease term.
 - The City desires to have billboards removed throughout the City of Sacramento.
- 2) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

CONTACT PERSONS: Kristan Otto, Economic Development 264-7948
Micah Runner, Economic Development 264-5448

Building on Our History - Creating The Place to Be.

FOR THE COUNCIL MEETING OF: September 24, 2002

SUMMARY:

The City of Sacramento has determined in prior actions to continue to lease the billboards and to use the revenue to fund Sutter Landing Park and that determination overrides the desire to remove billboards from roads and highways.

Proposals shall include the following requirements:

- Lease terms of one, three and five years.
- Anticipated revenue that will be received by the City under the lease.
- The tenant will be responsible for all maintenance of the three billboard structures during the term of the lease.
- The tenant will be responsible for the payment of all utilities associated with the three billboard structures.
- The tenant will be responsible for the payment of all taxes or other assessments associated with the billboard structures.

The City will take the following into consideration when reviewing submitted proposals:

- The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- The City desires to have billboards removed throughout the City of Sacramento.

The RFP recommended in this report is definitive as to the City's goals: 1) earliest removal of the billboard signs and 2) maximizing revenues for Sutter Landing Park

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

Viacom Outdoor leases three billboard structures owned by the City. The billboard structures are on city property on the west side of Business 80, between the E Street and Cal Expo exits. The current lease expires on December 31, 2002.

The City had two options at the expiration of the original lease that expired December 31, 1999: 1) either remove the structures or 2) re-lease the structures and use the lease revenue to support the development of Sutter Landing Park. At that time it was determined the income generated overrode the City's desire to remove billboards from roads and highways

A consultant knowledgeable in the outdoor advertising industry was retained to help establish the parameters of the original RFP, the minimum rent based on the market rate, and location of the billboard structures.

Subsequently, two RFPs (one issued August 22, 2000 and another issued on March 5, 2001), which were to find competitive and common ground for the two options, were issued. Council rejected the responses from those RFPs. Both RFPs allowed for many variables in the responses and made them difficult to compare and determine which proposal best fit the City's goals.

With the issuance of the third RFP on July 1, 2001 the City received proposals from Viacom Outdoor and Eller Media. The City Council, by resolution, awarded the contract to Eller Media based on their proposal for a one-year lease. However, the City Council recognized Viacom's "right of first refusal" that gave them the ability to match Eller's offer. Viacom met the one-year lease deal offered by Eller Media and the City of Sacramento entered into the lease with Viacom for a one-year term expiring December 31, 2002. The revenue generated from the lease agreement with Viacom was \$175,000, due upon the start of the lease term.

FINANCIAL CONSIDERATIONS:

The lease currently generates \$175,000 per year. The potential revenue to be generated for the next term varies depending on the length of the term.

POLICY CONSIDERATIONS:

After Sutter Landing Park is adequately funded, the billboards will be removed at the termination of the lease period. The Council's action involves a waiver of the normal bid process for the lease of City property.

ENVIRONMENTAL CONSIDERATIONS:

The Action recommended is exempt from the CEQA review pursuant to Section 15378 (b)(3) of the California Environmental Quality Act, "general policy and procedure making".

ESBD CONSIDERATIONS:

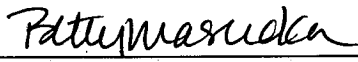
City Council adoption of the attached resolution is not affected by the City policy related to the ESBD Program since no goods or services are being purchased with this action.

Respectfully submitted,



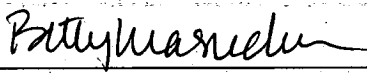
Kristan Otto, Manager
Economic Development Department

Approved:



Betty Masuoka
Assistant City Manager

RECOMMENDATION APPROVED



Robert P. Thomas
City Manager

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AUTHORIZING THE CITY MANAGER TO RELEASE A REQUEST FOR PROPOSALS FOR THREE OUTDOOR ADVERTISING STRUCTURES

WHEREAS, the City of Sacramento owns three outdoor advertising structures located on parcel 001-0170-026;

WHEREAS, on December 31, 2002, the current lease with Viacom Outdoor expires;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento:

- 1) The City Manager is authorized to Issue a Request For Proposals (RFP) to lease the three billboard structures west of Business 80 with the following parameters:
 - a. Proposals shall include the following requirements:
 - i. Lease terms of one, three and five years.
 - ii. Anticipated revenue to be received by the City under the lease.
 - iii. The tenant will be responsible for all maintenance of the three billboard structures during the term of the lease.
 - iv. The tenant will be responsible for the payment of all utilities associated with the three billboard structures.
 - v. The tenant will be responsible for the payment of all taxes or other assessments associated with the billboard structures.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

b. The City will take the following into consideration when reviewing submitted proposals:

- i. The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- ii. The City desires to have billboards removed throughout the City of Sacramento.

- 2) Lease revenues received by the City of Sacramento will be programmed to Sutter Landing Regional Park, CIP LS11.
- 3) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

APPROVED:

Mayor

ATTEST:

City Clerk

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

REQUEST FOR PROPOSALS:

CAPITOL CITY FREEWAY OUTDOOR ADVERTISING STRUCTURES

The City of Sacramento Economic Development Department is requesting proposals for the lease of three two-sided outdoor advertising structures located along the northwest side of the Capitol City Freeway between "E" Street and the Elvas railroad overpass.

The Department staff will evaluate the submitted proposals and negotiate a lease for the advertising structures with the submission that meets the criteria set forth below and provides maximum advantages to the City.

The Sacramento City Council directed the Department to issue this Request for Proposals ("RFP") to Eller Media Company and Viacom Outdoor.

SUBMISSION REQUIREMENTS

Proposals shall include the following:

- Lease terms of one, three and five years.
- Revenue that will be received by the City under the lease.
- The tenant will be responsible for all maintenance of the three billboard structures during the term of the lease.
- The tenant will be responsible for the payment of all utilities associated with the three billboard structures.
- The tenant will be responsible for the payment of all taxes or other assessments associated with the billboard structures.

PROPOSAL REVIEW

The City will take the following into consideration when reviewing submitted proposals:

- The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- The City desires to have billboards removed throughout the City of Sacramento.

OTHER PROVISIONS

The City of Sacramento hereby reserves the right to reject any and all proposals submitted in response to this RFP.

This RFP or the resulting lease may include additional terms and conditions established by the City Manager.

DUE DATE

Written responses to the RFP are due no later than 5:00 pm on Friday, October 25, 2002 to Economic Development Department, City of Sacramento, 1030 15th Street, Suite 250, Sacramento, California, 95814, Attention: Micah Runner, Economic Development Project Manger.

CONTACT

Any questions or requests for additional information should be directed to Micah Runner, Economic Development Project Manager, at the address indicated above or by telephone 916-264-5448, facsimile 916-264-8161 or e-mailrunner@cityofsacramento.org.

RESOLUTION NO. _____

OF THE CITY OF SACRAMENTO

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AUTHORIZING THE CITY MANAGER TO RELEASE A REQUEST FOR PROPOSALS FOR THREE OUTDOOR ADVERTISING STRUCTURES

WHEREAS, the City of Sacramento owns three outdoor advertising structures located on parcel 001-0170-026;

WHEREAS, on December 31, 2002, the current lease with Viacom Outdoor expires;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento:

- 1) The City Manager is authorized to Issue a Request For Proposals (RFP) to lease the three billboard structures west of Business 80 with the following parameters:
 - a. Proposals shall include the following requirements:
 - i. Lease terms of one, three and five years.
 - ii. Anticipated revenue to be received by the City under the lease.
 - iii. The tenant will be responsible for all maintenance of the three billboard structures during the term of the lease.
 - iv. The tenant will be responsible for the payment of all utilities associated with the three billboard structures.
 - v. The tenant will be responsible for the payment of all taxes or other assessments associated with the billboard structures.
 - b. The City will take the following into consideration when reviewing submitted proposals
 - i. The City desires a lease payment schedule that maximizes the revenue early in the lease term.
 - ii. The City desires to have billboards removed throughout the City of Sacramento.
- 2) Lease revenues received by the City of Sacramento will be programmed to Sutter Landing Regional Park, CIP LS11.
- 3) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

APPROVED:

Mayor

ATTEST:

City Clerk

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right of the page.

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SACRAMENTO AUTHORIZING THE CITY MANAGER TO
RELEASE A REQUEST FOR PROPOSALS FOR THREE
OUTDOOR ADVERTISING STRUCTURES**

WHEREAS, the City of Sacramento owns three outdoor advertising structures located on parcel 001-0170-026;

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

b. The City will take the following into consideration when reviewing submitted proposals:

- i. The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- ii. The City desires to have billboards removed throughout the City of Sacramento.

2) Lease revenues received by the City of Sacramento will be programmed to Sutter Landing Regional Park, CIP LS11.

3) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

APPROVED:

Mayor

ATTEST:

City Clerk

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RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

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NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sacramento:

- 1) The City Manager is authorized to Issue a Request For Proposals (RFP) to lease the three billboard structures west of Business 80 with the following parameters:
 - a. Proposals shall include the following requirements:
 - i. Lease terms of one, three and five years.
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b. The City will take the following into consideration when reviewing submitted proposals:

- i. The City desires a lease payment schedule that maximizes the revenue early in the lease term.
- ii. The City desires to have billboards removed throughout the City of Sacramento.

2) Lease revenues received by the City of Sacramento will be programmed to Sutter Landing Regional Park, CIP LS11.

3) Staff shall bring forth to Council for approval the best proposal based on the foregoing criteria

APPROVED:

Mayor

ATTEST:

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