



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
November 23, 2010

Honorable Mayor and
Members of the City Council

Title: Digital Billboards Revenue Allocation

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** to allocate the digital billboard revenues to the Council Districts in which the digital billboards are located and to the General Fund, one-third and two-thirds, respectively, as reflected in Exhibit 1.

Contact: Leyne Milstein, Finance Director, 808-8491

Presenters: N/A

Department: Finance

Division: Finance Administration

Organization No: 06001011

Description/Analysis

Issue: On May 11, 2010, Council approved the Digital Billboard Project Relocation Agreement (Resolution 2010-245) which authorized the installation of four digital billboards on City owned land, pending the decommissioning of 17 billboards in the same geographical areas (for a net reduction of 13 billboards). Pursuant to the terms of the Agreement, the City will receive a one-time signing bonus of \$82,500 per sign (\$330,000 total) and monthly rent payments of \$15,000 per sign, with payments to begin as each billboard becomes operational. Upon all four billboards becoming operational, lease payments will total \$60,000 per month, \$720,000 a year. At the October 19, 2010 Council meeting staff was asked to report back on the allocation of the electronic billboard revenue.

At the time the Agreement was approved, it was anticipated that two of the billboards would be operational for half of FY2010/11 and that the remaining two billboards would not be operational until FY2011/12. On June 22, 2010, as part of the

FY2010/11 budget adoption, Council allocated \$180,000 of the anticipated FY2010/11 digital billboard revenues as part of the restoration of the proposed reductions to the Fire Department's operating budget. At that time, staff recommended that Council consider the allocation of remaining revenues within the context of the annual budget process.

In October 2010 all four digital billboards became operational. The City is in receipt of the revenues associated with the signing bonus and monthly rents are expected to be collected for the remaining nine months of the fiscal year, totaling \$540,000.

In consideration of prior discussions with Councilmembers relative to the allocation of the annual digital billboard revenue, as well as the ongoing budget challenges currently facing the City, this report recommends that Council allocate two thirds of the monthly revenues to the General Fund to support ongoing City operations and the remaining one third to the Council District in which the billboard is located to provide funding for the support of community priorities. A table outlining these recommendations follows in the Financial Considerations section of this report.

In addition, staff is recommending that the one-time revenue for the signing bonus be allocated to the General Fund contingency for ongoing City operations and to address required soil remediation at the billboard site on Fulton Avenue.

Policy Considerations: The actions outlined in this report are consistent with City goals for increasing and diversifying its revenue sources and applicable City Codes governing sign placement. It should be noted that since FY2000/01, Council has directed that the revenue from the three billboards at Sutter's Landing be dedicated to supporting the development of the Sutter's Landing Regional Park.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment, and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)).

Sustainability Considerations: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The recommendations in this report reflect prior considerations of the council members in which the electronic billboards have been constructed. Further, Council has taken a similar direction in the allocation of the revenue from the three billboards at Sutter's Landing which have been directed by Council in the annual Capital Improvement Program since FY2000/01 to supporting the development of the Sutter's Landing Regional Park. Finally, given the

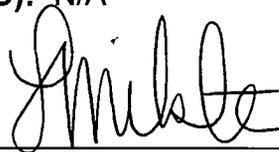
challenges in the General Fund, this allocation provides much needed revenue to the General Fund to support ongoing City operations, including the soil remediation at the Fulton Avenue digital billboard site. The contaminated soil must be consolidated and capped at the City's expense of approximately \$30,000.

Financial Considerations: The recommended revenue allocation is outlined in the chart below:

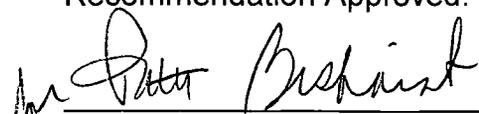
	FY2010/11	FY2011/12
Council District 1	\$ 45,000	\$ 60,000
Council District 2	\$ 90,000	\$ 120,000
Council District 8	\$ 45,000	\$ 60,000
Restoration of 1 Fire Company in FY2010/11	\$ 180,000	-
General Fund Revenues	\$ 180,000	\$ 480,000
Annual Revenues	\$ 540,000	\$ 720,000
General Fund Contingency (One-time signing bonus)	\$ 330,000	-
Total Allocation	\$ 870,000	\$ 720,000

This allocation provides much needed revenue for the General Fund and provides additional resources to the Council District in which the billboard is located to provide funding for the support of community priorities.

Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by: 
 Leyne Milstein, Finance Director

Recommendation Approved:


 Gus Vina
 Interim City Manager

APPROVED AS TO FORM:

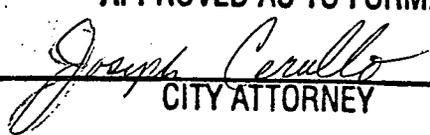

 CITY ATTORNEY

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RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

DIGITAL BILLBOARDS REVENUE ALLOCATION

BACKGROUND

- A. On March 25, 2010 the City Planning Commission conducted a public hearing on, and forwarded to the City Council a recommendation to approve the Digital Billboard Project Relocation Agreement.
- B. On May 11, 2010, the City Council conducted a public hearing, for which notice was given pursuant Sacramento City Code Section 17.200.010(C)(1) (a), (b), and (c) publication and mail (500 feet), and received and considered evidence concerning the Digital Billboards Relocation Agreement Project.
- C. On May 11, 2010 City Council approved the Digital Billboards Relocation Agreement Project.
- D. On June 22, 2010 the Council approved the use of \$180,000 of digital billboard revenue for the restoration of proposed reductions to the Fire Department.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The digital billboard revenues are allocated to the Council Districts in which the digital billboards are located and to the General Fund, one-third and two-thirds, respectively, as reflected in Exhibit 1.

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Exhibit 1 – Digital Billboards Revenue Allocation

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