



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Christopher Burton
Lee Wilcox

SUBJECT: See Below

DATE: May 14, 2025

Approved

Date:

5/25/25

COUNCIL DISTRICT: Citywide

SUBJECT: PP24-006 – Amendment to Chapter 23.04, Section 23.04.038 (North San José Signage Area) and Section 23.04.124 (Downtown Sign Zone) of Title 23 of the San José Municipal Code to Modify Permit Provisions for Supergraphic Signs Related to Large Events

REASON FOR SUPPLEMENTAL

This supplemental memorandum provides an analysis of opportunities to monetize supergraphics on public and private buildings and re-direct funds into programming and activation initiatives for the 2026 major sports event and beyond, as directed in the February 21, 2025, memorandum from Mayor Mahan, Vice Mayor Foley, and Councilmembers Salas, Cohen, and Casey.

BACKGROUND

In preparation for the 2026 major sports events, staff evaluated Section 23.04.038 (North San José Signage Area) and Section 23.04.124 (Downtown Sign Zone) of Chapter 23.04 of Title 23 of the San José Municipal Code to modify permit provisions for Supergraphic Signs related to Large Events. Staff analysis and recommendations were included in the February 3, 2025, City Council memorandum; the item was scheduled for the February 25, 2025 City Council meeting. During that City Council meeting, the item was deferred pursuant to the February 21, 2025 memorandum from Mayor Mahan, Vice Mayor Foley, and Councilmembers Salas, Cohen, and Casey, “until staff completes an analysis of opportunities to monetize the Supergraphic signage program on both public and private buildings and re-direct funds into programming and activation initiatives in 2026 and beyond.”

May 14, 2025

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Page 2

ANALYSIS

Monetizing Supergraphics on Private Property

Staff extensively evaluated monetizing signage on private property as part of the 2018 update to City Council Policy 6-4, Signs on City-owned Land including Billboards, Programmable Electronic Signs and Signs Displaying Off-Site Commercial Speech. Analysis found constitutional and other legal issues that would prohibit the City from monetizing any type of signage on private property. In peer city reviews with Los Angeles and San Francisco, it was verified that neither city monetizes signage on private property. In San Francisco, there is a voter-mandated ban on most off-site advertising due to issues with content. While Los Angeles has a program where they receive revenue from off-premise advertising on transit facilities, they have been subject to litigation and have cautioned staff in pursuing monetization.

Monetizing Supergraphics on City-Owned Property

City Council Policy 1-17 (Policy 1-17) on Donation, Sponsorship, and Fundraising encourages and supports departments and City-related foundations to pursue donations, sponsorships, and other fundraising activities with the purpose of creating opportunities for partnerships and enhancing revenue for department priorities. While City Policy 1-17 was originally established in 2004 to support the Parks, Recreation, and Neighborhood Services, Library, and Police Departments to work with their respective foundations to increase revenue through public-private partnerships, it is applicable to all departments.

Policy 1-17 authorized the City Manager to approve sponsorship, donation, and/or fundraising programs and to issue requests for proposals to engage in similar donation or sponsorship solicitation activity, up to the City Manager's contract authority under Chapter 4.04 of the San José Municipal Code. The City Manager may delegate authority to a department director to approve a program. Guidelines to develop a sponsorship, donation, and/or fundraising program are included in Policy 1-17. As an example, Parks, Recreation, and Neighborhood Services uses Policy 1-17 for its sponsorship program for Viva CalleSJ. The department has guidelines requiring sponsorship agreements, recognition of sponsors and naming rights, and sponsorship categories and suggested sponsorship levels.

Based on staff's review of Policy 1-17, a sponsorship program could be developed for Supergraphics on City-owned property with the partnership of a nonprofit such as the San José Sports Authority or Team San José. Should City Council direct staff to develop a sponsorship program, the City Manager's Office of Economic and Cultural Affairs, with support from the 2026 Sports and Special Events Director, would undertake a simple return-on-investment analysis to understand the potential revenue generation

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Page 3

relative to staff/nonprofit effort, and create an administrative program framework to include:

- An agreement with the partner nonprofit organization;
- Sponsorship program goals;
- Timeframe of the sponsorship program;
- Target audience and method of outreach; and
- Procedures for acceptance and reporting of activities, ensuring internal controls.

Should a sponsorship program for Supergraphics on City-owned property be developed, it would align with the proposed amendments to Chapter 23.04, Section 23.04.038 (North San José Signage Area) and Section 23.04.124 (Downtown Sign Zone) of Title 23 of the San José Municipal Code to modify permit provisions for supergraphic signs related to large events.

COORDINATION

This supplemental memorandum was coordinated with the City Attorney's Office.

/s/

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/s/

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