



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Chris Burton
Nanci Klein

SUBJECT: SEE BELOW

DATE: February 16, 2024

Approved

Date

02/15/24

**SUBJECT: LARGE-FORMAT DIGITAL SIGNAGE ON CITY-OWNED PROPERTY
STATUS REPORT**

RECOMMENDATION

Accept the status report on efforts to advance the placement of large-format digital signage on City-owned property.

OUTCOME

Provide the Community and Economic Development Committee with a status report on the implementation of large-format digital signage on City-owned property.

BACKGROUND

The placement of large-format digital signage on City-owned property seeks to enhance the commercial vibrancy of downtown San José, remove blighted static billboards throughout the City, generate revenue opportunities for the City, and explore digital technologies that could allow real-time emergency notifications and City messaging to residents.

From 2016 to 2018, the Department of Planning, Building, and Code Enforcement and the Office of Economic Development and Cultural Affairs completed analyses and multiple rounds of engagement and discussion with community stakeholders, media/signage companies, and tenants in City-owned facilities around the placement of digital signage on City-owned property.

On September 25, 2018, the City Council approved a new (replacement) [City Council Policy 6-4 \(Signs on City-Owned Land\)](#), allowing billboards, programmable electronic signs, and signs displaying offsite commercial speech. The Policy identifies 17 City-owned sites that could potentially accommodate up to 22 signs. A program-level California Environmental Quality Act (CEQA) analysis was completed for the 17 sites. Staff was directed to prepare and release

Request for Proposal (RFP) solicitations for building-mounted digital signs in downtown and free-standing freeway-facing signage on City-owned property. The work was divided into two separate RFP processes beginning in 2019. In March 2020, the COVID-19 pandemic redirected City staff priorities to managing emergency relief programs that prioritized human health and quality of life for San José's most vulnerable, including providing critical assistance to the small business community in San José. These efforts delayed any significant progress of digital signage-related efforts for two years.

In early 2023, staff resumed work to advance and complete the Council-directed work on electronic signage on the City-owned property.

ANALYSIS

Implementation of digital signage on City-owned property was divided into two efforts: 1) the select sites process, and 2) the alternative sites process. The following provides the status of each process and proposes the following steps and timeline.

Large-format Digital Signage on Select Sites (Building-Mounted Signage)

In the select sites process, the City issued an RFP for signage at eight properties in the downtown core. The solicitation sought proposals for leases to install, operate, and manage building-mounted static and/or digital commercial advertising signs in these City locations. The eight properties included:

1. Market/San Pedro Street Parking Garage
2. Second and San Carlos Street Parking Garage
3. Hammer Theatre
4. Center for Performing Arts
5. McEnery Convention Center
6. Third Street Parking Garage
7. San José Museum of Art
8. The Tech Interactive

The initial RFP solicitation was released in August 2019, with a Notice of Intended Award (NOIA) issued in December 2019. This RFP solicitation was subsequently re-issued due to a technical issue following the issuance of the NOIA.

The second select sites RFP solicitation was issued in May 2020. This second solicitation included two modifications: 1) allowance for the proposal of free-standing signs, and 2) reduction from eight sites to six sites; the San José Museum of Art and the Third Street Garage were removed based on further staff consideration regarding location and building architecture. Proposals for this solicitation were received in July 2020, and a NOIA for five City-owned sites was issued to Orange Barrel Media in December 2022. Based on the evaluation of proposals received, staff did not proceed with a sign on the Hammer Theatre. The select sites NOIA award

was made pending project-level environmental clearance, final lease negotiations, and City Council approval. In the notice, staff recommended a conditional award of contract for the Second and San Carlos Street Parking Garage pending future potential development.

Since early 2023, implementation efforts have been focused on executing CEQA-related funding agreements for City staff time, coordinating logistical and technical parameters of signs with each location where they may be installed, reviewing sign design, and negotiating final lease terms.

Large-Format Signage on Alternative Sites Process (Free-Standing Signage)

For the alternative sites process, the City solicited potential leases to install, operate, and manage new free-standing digital commercial advertising signs in two locations cleared in the 2018 program-level CEQA analysis. Staff was also directed by the City Council to allow potential proposers to put forward additional sites that would meet the siting criteria outlined in City Council Policy 6-4. The alternative sites RFP was issued in July 2019, and 20 proposals were received. A NOIA for one site was issued in July 2020. The NOIA was subsequently rescinded in October 2020 for the City to re-examine its initial evaluation of the proposed sites. A final updated NOIA was issued in March 2023. The March 2023 NOIA named three potential sites: 1) Highway 87 and West Mission to Clear Channel Outdoor, 2) 1404 Mabury Road to Clear Channel Outdoor, and 3) SR 87, 65 feet north of Willow Street to Outfront Foster Interstate.

Next Steps: Implementation Timeline

The specific implementation timeline for each process—select sites locations and alternative sites locations—varies based on the complexity of the environmental review for each group of the sites, and the agreement on the final lease terms. For the select sites process, project-level CEQA analysis must be completed for all five sites under consideration. Staff estimates eight to ten months for this process. Simultaneously, staff intends to finalize lease negotiations with the selected proposers and bring a recommendation to the City Council by December 2024.

Select Sites Implementation Timeline

Six digital signs are proposed over five properties (select sites) in downtown San José. Of the six signs, four are proposed to be attached to existing structures, and two at the Center for Performing Arts are proposed as free-standing signs.

It is anticipated that the five downtown sites will be cleared under a single Initial Study/Mitigated Negative Declaration (IS/MND). The scope of work for an IS/MND was provided to the City by the CEQA consultant in May 2023, and the City responded with comments on the scope of work the same month. The formal project description was submitted by the CEQA consultant in October 2023, and the City responded with comments on the project description the same month. Based on the current schedule provided by the applicant and the City's standard review times for CEQA documents, it is anticipated that public circulation of the

environmental document will begin in June/July 2024. The environmental document will be completed and ready to be scheduled for hearing in September 2024, assuming no unforeseen delays or need for recirculation of the environmental documents.

Alternate Sites Implementation Timeline

For the alternative sites process, project-level CEQA analysis is also required and expected to be completed within eight to ten months. Staff anticipates finalizing the contract terms and bringing a recommendation to the City Council by December 2024

Free-standing signs are proposed for three alternative sites locations. Two signs would be visible from Highway 87, and the third alternative site sign is proposed to be visible from U.S. Route 101.

It is anticipated that the two billboards proposed by Clear Channel Outdoor at alternative sites will be cleared with an Initial Study/Mitigated Negative Declaration (IS/MND). The scope of work for an IS/MND was provided to the City by the CEQA consultant in June 2023, and the City responded with comments on the scope of work the same month. The formal project description is anticipated to be submitted by the CEQA consultant in mid-February 2024. Based on the current schedule provided by the CEQA consultant and the City's standard review times for CEQA documents, it is anticipated that public circulation will begin in July/August 2024 and that the environmental document will be completed and ready to be scheduled for a hearing in October 2024, assuming no unforeseen delays or need for recirculation of the environmental documents.

It is anticipated that the one billboard proposed by Outfront Foster at the third alternative site will be cleared with an Initial Study/Mitigated Negative Declaration (IS/MND). The scope of work for an IS/MND was provided to the City by the CEQA consultant in June 2023, and the City responded with comments on the scope of work in July 2023. The formal project description is anticipated to be submitted by the CEQA consultant in mid-February 2024. Based on the current schedules provided by the applicants and the City's standard review times for CEQA documents, it is anticipated that public circulation will begin in June/July 2024 and that the environmental document will be completed and ready to be scheduled for hearing in September 2024, assuming no unforeseen delays or need for recirculation of the environmental documents.

CONCLUSION

Though staff work on large-format digital signage on City-owned property has been significantly delayed due to a combination of implementing COVID-19 relief and recovery efforts and program staff turnover, staff continues to advance the completion of the select sites and alternative sites processes.

EVALUATION AND FOLLOW-UP

Staff anticipates bringing forward recommendations to the City Council for the selected sites and alternative sites by December 2024.

PUBLIC OUTREACH

This memorandum will be posted for the February 26, 2024, Community and Economic Development Committee meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

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/s/

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