



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mukesh (Mookie) Patel

SUBJECT: See Below

DATE: June 1, 2026

Approved

Date:

6/11/26

COUNCIL DISTRICT: Citywide

SUBJECT: Actions Related to the Award for the Large Format Advertising Sign Request for Proposals at the San José Mineta International Airport

RECOMMENDATION

- (a) Approve the selection of the top-ranking proposer for the request for proposals for large-format advertising signs on airport-owned property at the San José Mineta International Airport.
- (b) Adopt a resolution authorizing the City Manager or her designee to:
 - (1) Negotiate and execute a lease agreement between the City of San José and OUTFRONT Foster Interstate, LLC, for two large-format advertising signs on airport-owned property, for an initial term of 10 years;
 - (2) Exercise up to one additional 10-year option to extend the term upon mutual agreement; or
 - (3) Terminate negotiations with the top-ranked proposer and select the next-ranked proposer if the City and the recommended proposer are unable to come to terms.

SUMMARY AND OUTCOME

Approval by City Council of the final rankings of proposals for the Large Format Advertising Signs on Airport Owned Property request for proposals (RFP) at the San José Mineta International Airport (Airport) and authorization for the City Manager, or her designee, to negotiate final terms and conditions with OUTFRONT Foster Interstate, LLC (OFI) will allow for the design, installation, and management of two large-format advertising signs on Airport property.

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This recommended action establishes a new revenue stream for the Airport, with a minimum guaranteed revenue of \$6 million over the initial 10-year term, with the potential for higher earnings due to a favorable revenue structure. Based on OFI's sales assumptions, the projected revenue to the Airport is an estimated \$47 million over the 20-year term, which includes approximately \$20 million in the first 10 years and \$27 million for the 10-year option. This projection far exceeds the \$6 million in guaranteed minimum revenue. Furthermore, the contract includes a community benefit component, including the use of 100% renewable energy, the provision of 10% of advertising time to the Airport at no cost, and the removal of 12 existing billboards across the City, fulfilling the 6:1 takedown ratio to improve the visual environment of San José neighborhoods. Staff is requesting that City Council approve the selection of OFI and delegate authority to the City Manager, or her designee, to negotiate and execute the final lease agreement, including the option to extend the lease for an additional 10 years upon mutual agreement.

BACKGROUND

On September 25, 2018, City Council approved amendments to the General Plan Land Use Policy CD-10.4, City Council Policy 6-4, and Title 23 of the San José Municipal Code to allow signs on City-owned property, including billboards, programmable electronic signs, and signs displaying off-site commercial speech. These actions reaffirmed the City's commitment to regulating signs on City-owned land to promote an aesthetically pleasing environment and provided clear City Council direction to staff on the implementation of electronic billboards.

City Council Policy 6-4 established implementation guidelines addressing minimum limitations on the location, number, type, size, and height of signs, as well as illumination requirements and the process for the approval of signs permitted under the policy. The policy identified 17 designated sites across the City, four of which are located on Airport property, within the Airport Influence Area, that were environmentally cleared for additional commercial signage. Of the four sites initially designated on Airport property, two were later determined to be non-viable and, as a result, were excluded from the RFP issued by the Airport on September 9, 2025. The remaining two sites at 2200 and 2341 Airport Boulevard, shown in Attachment A - Billboard Site Locations on Airport Property, were determined as viable and proceeded with the California Environmental Quality Act study.

On February 15, 2022, City Council adopted a resolution that approved the addendum to the amendment to the Airport Master Plan Environmental Impact Report (SCH#2018102020), certified by the City Council on April 28, 2020 (Resolution No. 79497), in accordance with the California Environmental Quality Act, and conducted a public hearing regarding the plan for the two digital billboards on Airport-owned

property. In its action, the City Council also included the following recommendation and direction:

1. Amend City Council Policy 6-4 to increase the take-down billboard ratio from 4:1 to 6:1 for new digital billboards;
2. 5:1 tree replacement ratio to be planted in prioritized San José neighborhoods that lack adequate tree canopies, such as those in Council District 5 and Council District 7. These trees must be maintained for three years; and
3. The two billboards on Airport property are to use 100% renewable San José Clean Energy.

On November 19, 2024, City Council approved the following actions:

1. Adopted a resolution adopting the Addendum to a Negative Declaration to incorporate revisions to City Council Policy 6-4 for consideration of signs on City-owned property, including billboards, programmable electronic signs, and signs displaying off-site commercial speech;
2. Adopted a resolution approving amendments to City Council Policy 6-4 entitled signs on City-owned Land, including billboards, programmable electronic signs, and signs displaying off-site commercial speech; and
3. Directed staff to proceed with an RFP solicitation for two large-format electronic signage billboard locations on Airport-owned property.

Following City Council approval, an RFP was formally released on September 9, 2025. This RFP solicited proposals for the design, development, installation, and operation of the two approved advertising signs located on Airport property (see Attachment A: Billboard Site Locations on Airport Property).

- **Site 1 (APN 230-01-058) 2200 Airport Boulevard.** This location is specified to have one digital light-emitting diode display facing south and one static display facing north (towards the riparian zone).
- **Site 2 (APN 230-02-021) 2341 Airport Boulevard.** This location is specified to have two digital light-emitting displays, with signs facing both north and south.

The final key terms and conditions released as part of the RFP were:

1. **Term:**
 - a. A 10-year initial lease term, beginning from the commencement date;
 - b. One 10-year option to extend, upon mutual agreement; and

- c. The term will begin on the commencement date, which is defined as the earlier of the date the signs receive a temporary certificate of occupancy or 120 calendar days from the lease execution date. The Director of Aviation has the authority to grant the proposer an extension on the commencement date of up to 60 calendar days for a total of 180 calendar days from the lease execution date to reach the commencement date.
2. **Revenue to the Airport:** Revenue to the Airport was biddable for the first year, and for all subsequent years, the minimum annual guarantee (MAG) shall be calculated as 85% of the previous year's percentage of revenue paid to the Airport; however, the MAG shall never be less than the previous year's MAG.

The proposer is required to pay the greater of a MAG or percentage rent annually. A biddable minimum floor was set as follows:

- MAG: \$490,000 total for both signs.
 - Percentage Rent: 30% of gross revenue for the static-facing side and 50% of gross revenue for the digital-facing sides.
3. **Use of Advertising Time:**
 - a. 10% of the advertising time must be set aside for the sole purpose of promoting Airport-related events and services; and
 - b. The Airport reserves the right to display Airport-related content as filler advertising when commercial ads are not sold.
 4. **Compliance with City Council Policy 6-4:** The proposer shall comply with all the terms as outlined in City Council Policy 6-4, including but not limited to:
 - Use of 100% renewable San José Clean Energy.
 - Adherence to the City's 5:1 tree-removal mitigation standard.
 - A 6:1 billboard takedown ratio for existing billboards within the City of San José for each new sign installed.
 - Sign Illumination requirements.
 - Commercial advertising policy.
 5. **Sign Aesthetics:** The signs should complement the aesthetic surrounding area and incorporate the Airport and City logo.

ANALYSIS

Following City Council approval, as discussed above, an RFP was formally released on September 9, 2025. This RFP solicited proposals for the development, installation, and management of the two digital signs located at 2200 Airport Boulevard and 2341 Airport Boulevard. The Airport held a non-mandatory pre-proposal conference and site tour on

September 22, 2025. Proposals were due on October 23, 2025, and the Airport received two proposals.

Evaluation Process

The proposals were initially reviewed to ensure they met the minimum proposal requirements. Afterward, each proposal was independently evaluated and scored in accordance with the evaluation criteria set forth in the RFP, as shown in the table below. A five-member evaluation team consisting of staff from the Airport and Planning Building and Code Enforcement Departments, and the City Manager’s Office of Economic Development and Cultural Affairs conducted the review. The evaluation panel considered all aspects of the proposals, which were scored as follows:

Evaluation Criteria	Possible Points (without Interviews)	Outfront Foster Interstate LLC	Clear Channel Outdoor
Submittal Requirements	Pass/Fail	Pass	Pass
Minimum Qualifications	Pass/Fail	Pass	Pass
Section 19.3 Tab C: Experience	25	22	18
Section 19.4 Tab D: Daily Operations and Management	25	17	19
Section 19.5 Tab E: Aesthetic Quality Standards	15	13	9
Section 19.6 Tab F: Airport Benefits and Financial Analysis	35	31	25
TOTAL	100	83	71

Recommendation for Award

Staff is recommending award to OFI as the top-ranked proposer. OFI’s proven experience in designing, installing, and managing large-format signs ensures the successful implementation and ongoing maintenance and management of these revenue-generating signs. The financial aspects of OFI’s proposal represent a significant benefit to the Airport. OFI proposed a MAG of \$600,000, which surpasses the RFP’s minimum floor by 22% and guarantees no less than \$6 million in revenue over the initial 10-year term. Furthermore, the proposed percentage rent structure maximizes revenue sharing, offering 55% of gross revenue for both digital and static advertising during the initial term, with a commitment to increase this percentage rent to 60% for the 10-year extension, should the option be exercised. The lease requires the lessee to pay the greater of MAG or percentage rent each year, and the MAG is calculated annually based on 85% of the revenue paid to the Airport during the previous year; however, the MAG shall not fall below the previous year’s MAG. OFI’s sales assumptions project

approximately \$47 million in revenue to the Airport over the 20-year term. This is comprised of an estimated \$20 million for the initial 10 years and \$27 million for the subsequent 10-year option, significantly surpassing the guaranteed revenue.

Beyond the guaranteed revenue, the RFP secures a significant strategic benefit for the Airport through dedicated advertising time on the new signs. OFI is required to reserve 10% of the total advertising time for Airport use at no cost to the Airport. Specifically, this time can be utilized to promote new or existing flight routes, announce service enhancements, and market travel opportunities to and from the Airport. This ensures the Airport has a high-visibility channel to communicate directly with travelers and the public, driving awareness while bolstering its brand and potentially increasing passenger traffic.

OFI's proposal confirms its commitment to fully comply with all requirements of City Council Policy 6-4, which directly aligns the project with the City's sustainability and environmental mandates. This includes the mandatory use of 100% renewable San José Clean Energy and adherence to the City's 5:1 tree-removal mitigation standard. Airport and OFI will coordinate with the Transportation Department to determine the number of trees requiring removal and the locations of replacement trees to ensure compliance with the required 5:1 tree replacement mitigation ratio. Moreover, OFI has incorporated comprehensive technical and operational requirements, such as detailed lighting and glare analyses, bird mitigation efforts, operating hour limitations, and a robust process for handling lighting complaints, ensuring the new structures are managed responsibly and minimize negative impacts on the surrounding environment and community. Furthermore, in alignment with the City's visual environment goals, the agreement requires a 6:1 billboard takedown ratio, mandating the removal of a minimum of 12 existing signs within the city limits to offset the installation of the two new signs. OFI's removal plan strategically targets signs within the designated "San José Priority Removal Area," focusing on locations that currently contribute to visual clutter. Specifically, all 12 proposed removals address existing appearance; 10 are in high-crime areas; five are in low-income areas; and 10 are in close proximity to residential zones, directly supporting neighborhood quality of life and aesthetic improvement efforts (see Attachment B - OFI's Proposed Takedown Locations).

Long-Term Revenue Stability (10-Year Extension Option)

The agreement allows for one 10-year option to extend, exercisable upon the mutual written agreement of both parties. This option allows the Airport to sustain its revenue stream for an additional decade. Should the extension be exercised, the revenue structure would guarantee the Airport will receive no less than \$6 million over the 10-year extension period (based on the initial floor). Furthermore, the percentage rent to the Airport increases from 55% to 60% for the extension period, further guaranteeing a higher revenue share to the Airport. Due to the contract structure, the Airport confidently anticipates that the MAG will have significantly surpassed the initial floor by the time the

option is considered, leading to even higher guaranteed revenue throughout the extension term.

City Manager Negotiation Authority

Staff recommends that City Council approve the selection of the top-ranking proposer, OFI, for the development, installation, and management of the two large-format advertising signs on Airport property. Furthermore, staff requests that the City Council adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute the final lease between the City of San José and the top-ranking proposer for an initial term of 10 years. To ensure the timely and efficient execution of the contract and maintain project momentum, staff recommends that the City Manager, or her designee, be granted the authority to terminate negotiations with the top-ranked proposer, and select the next-ranked proposer, should the City and the recommended proposer be unable to agree upon final contract terms. Finally, the resolution will authorize the City Manager, or her designee, to exercise a 10-year extension to the term of the agreement, upon mutual agreement by both parties.

EVALUATION AND FOLLOW-UP

The Director of Aviation shall be responsible for the coordination of the lease and shall render overall supervision of its progress and performance.

FISCAL IMPACTS

There are no costs associated with this action, and revenue for the initial 10-year term is guaranteed at \$6 million for the lease and an additional \$6 million if the 10-year extension option is exercised. OFI's sales assumptions project approximately \$47 million in revenue to the Airport over the 20-year term. This is comprised of an estimated \$20 million for the initial 10 years and \$27 million for the subsequent 10-year option, significantly surpassing the guaranteed revenue.

COORDINATION

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

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PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

The Airport Commission was notified of the Airport Department's intention to seek City Council approval to release an RFP at its August 12, 2024, meeting.

The Airport Commission was updated on the status of the Billboard RFP at its November 10, 2025, meeting.

CEQA

Determination of Consistency with the Norman Y. Mineta San José International Airport Master Plan Amendment Environmental Impact Report (Resolution No. 78764), File No. ER26-050.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Mukesh (Mookie) Patel
Director, Airport Department

For questions, please contact Matthew Kazmierczak, Division Manager, Airport Department, contact mkazmierczak@sjc.org or (408) 392-3640.

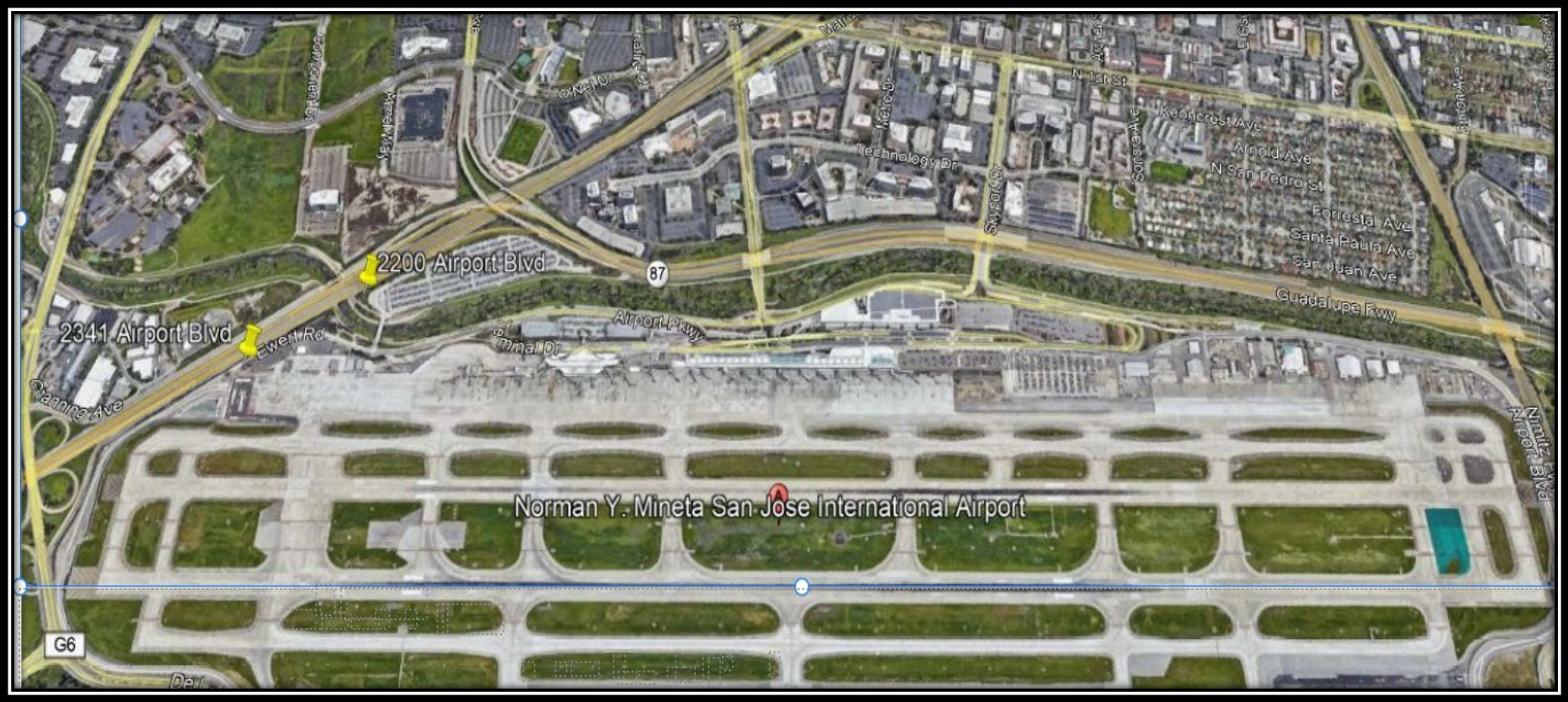
ATTACHMENTS:

Attachment A: Billboard Site Locations on Airport Property

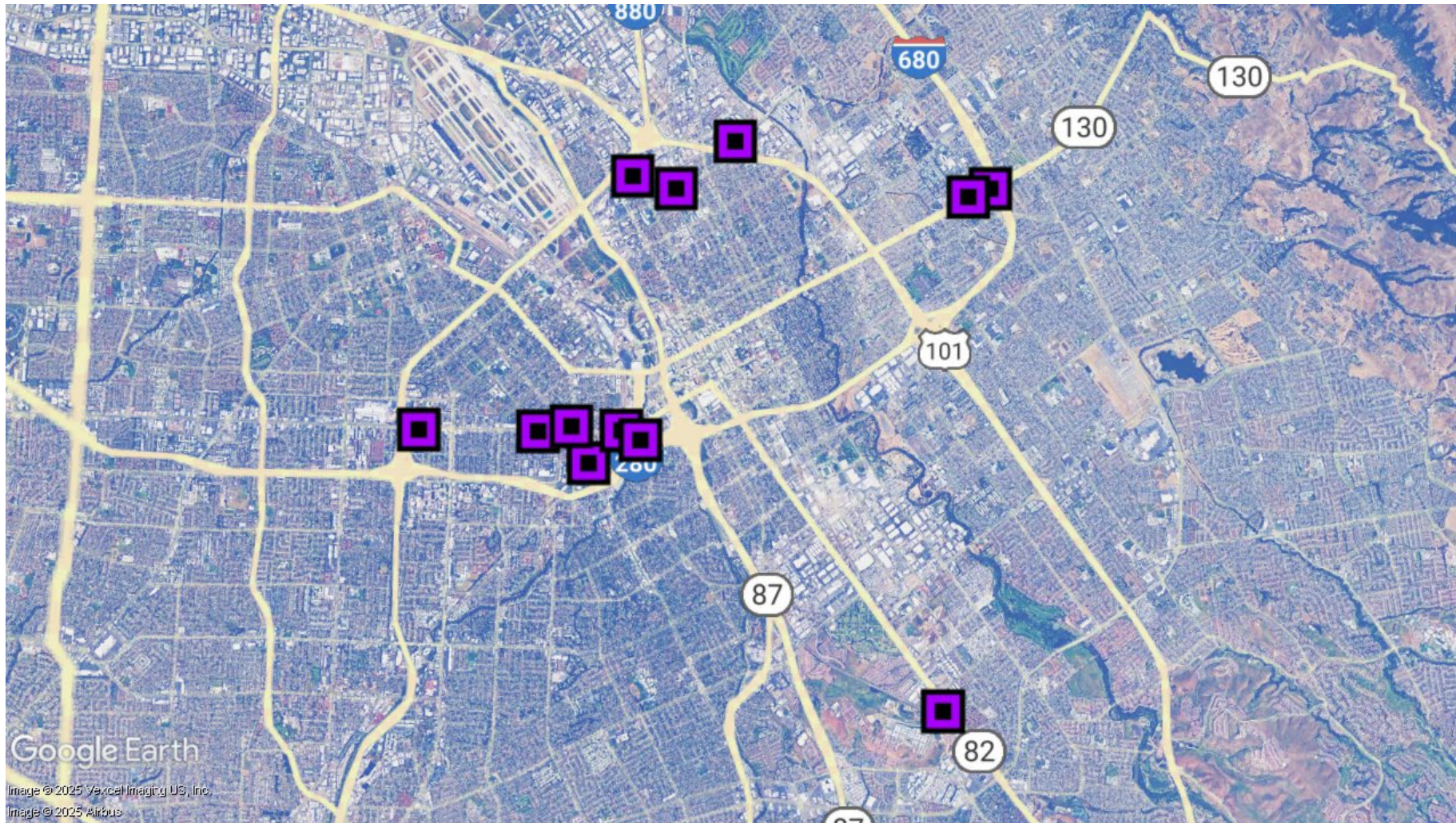
Attachment B: OFI's Proposed Takedown Locations.

ATTACHMENT A: BILLBOARD SITE LOCATIONS ON AIRPORT PROPERTY

APN	CURRENT USE	ADDRESS	SIGNS
230-01-058	Airport Facility	2200 Airport Boulevard	1
230-02-021	Airport Facility	2341 Airport Boulevard	1



ATTACHMENT B: OUTFRONT Foster Interstate Proposed Takedown Locations



ATTACHMENT B: OUTFRONT Foster Interstate Proposed Takedown Locations

		Proposed Takedowns - Sign Removal Criteria Analysis											
LOCATION DESCRIPTION & SIGN ID #		Beryessa 475 ft E/O Mabury N/S	Alum Rock & Scharff	Stevens Crk 125 ft E/O Wainwright S/E	Lincoln 300 ft S/O Auzeirais E/S	San Carlos 60 ft E/O Willard N/S	San Carlos 100 ft E/O Dupont N/S	Hedding & 9Th NW/S	4Th & Commercial SE/S	Monterey 240 ft S/O Daylight W/S	Race 246 ft N/O San Carlos E/S	Auzeirais & Bird SW/S	Alum Rock & Foss SE/S
Face ID#	Structure Location	1339 / 1618	2451 / 2959	2122 / 2512	1604 / 1191	2453 / 2118	1180 / 1974	2295	2685 / 1136	2198 / 2197	1192 / 2394	1193 / 1602	1673 / 2139
EXHIBIT C: SIGN REMOVAL CRITERIA													
1	Lower Income	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	High Crime Rates	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	Heavily Concentrated												
3	Non-Conforming - Spacing		<input checked="" type="checkbox"/>										
	Non-Conforming - Height			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Non-Conforming - Surface Area												
4	Non-Conforming - Setback	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Residential Proximity		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
5	Physical Proximity to Other Signs		<input checked="" type="checkbox"/>										
	Field of Vision to Other Signs		<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>			
6	Physical Condition - Maintenance Quality												
	Physical Condition - Appearance of Structure	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7	Compatibility - Field of Vision Architecturally						<input checked="" type="checkbox"/>						
	Compatibility - Bottom of Sign Above Roofline		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Compatibility - Plane of Sign Skewed to Adjacent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>