



STAFF REPORT

Meeting Date: August 30, 2016

To: Honorable Mayor & City Council

From: Chad Lynn, Assistant Director of Public Works
Logan Phillippo, Management Analyst *LP*

Subject: Request by Vice Mayor Krasne to Consider Advertising in City Public Parking Facilities

Attachments:

1. City of Santa Monica Staff Report dated October 28, 2014
2. Sample Advertisement Display Photographs

INTRODUCTION

This is a request by Vice Mayor Krasne to consider advertising in City parking structure interiors. Staff seeks direction on whether to pursue the development of a related advertising program.

DISCUSSION

The City operates 19 parking facilities with a combined total of more than 6,300 parking spaces. Additionally, the Parking Services Bureau issues more than 3.5 million access tickets to parking structures each year and provides service to approximately 2,700 monthly parking card users. An advertising program within parking structures could generate revenues to support the Parking Services Fund. Additionally, the City could reserve a portion of the advertisement space for promotion of public events and/or public service announcements, allowing for additional community outreach.

Background

In 2009, the City issued a Request for Proposals ("RFP") related to advertising in parking facilities. The City conducted interviews with respondents, but the RFP process was suspended in early 2010 over concerns regarding a City's ability to control the content of the advertisements. As part of developing an advertising program, the City would need to revisit this concern and potentially develop and adopt a comprehensive written policy articulating the purpose of using the space.

Since 2010, the City has not issued another RFP related to advertising within City-parking facilities. Staff is approached on occasion by advertising firms requesting the City consider advertising options. More recently in September 2015, the City Council discussed the possibility of allowing advertisements at City bus shelters in the public right-of-way, but ultimately directed staff to not proceed with the development of an

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advertisement program and to not continue the use of previously existing advertising space at three bus shelters.

The City of West Hollywood recently issued an RFP related to advertisements for street furniture such as bus shelters and benches. Additionally, there have been discussions of expanding the program to include advertising in West Hollywood's public parking structures. Their program is still in development.

The City of Santa Monica maintains an advertising program for its downtown parking structures through a contract with Downtown Santa Monica, Inc. ("DTSM"), a private non-profit organization. DTSM has estimated that the program generates approximately \$750,000 in gross annual revenue. The City of Santa Monica's share is estimated to be between \$270,000 and \$330,000 after revenue splits are applied. Advertisements in these parking structures typically consist of entertainment-related ads such as those for movies and television shows. Attachment 1 briefly describes Santa Monica's advertising program. Attachment 2 shows sample advertisement displays at Santa Monica parking structures.

Staff estimates that total revenues for a City advertisement program would be similar those of the City of Santa Monica. Based on prior negotiations, staff would expect to see reduced revenues as the program became more restrictive with respect to content, locations, number of sites and the size of the installations. Conversely, additional revenues could be generated with less content restrictions and additional locations. Furthermore, net revenue could also be reduced based on the program partnerships with service providers and third-party administrators.

Developing an advertising program for parking structure interiors would likely include the steps listed below.

- Develop and adopt a comprehensive written policy regarding content
- Determine program structure (third-party partner, contract directly with firm, etc.)
- Determine program parameters (number of ads, size, location, etc.)
- Consideration of a phased approach to implementation
- Seek proposals from potential contractors

FISCAL IMPACT

There is no fiscal impact at this time.

RECOMMENDATION

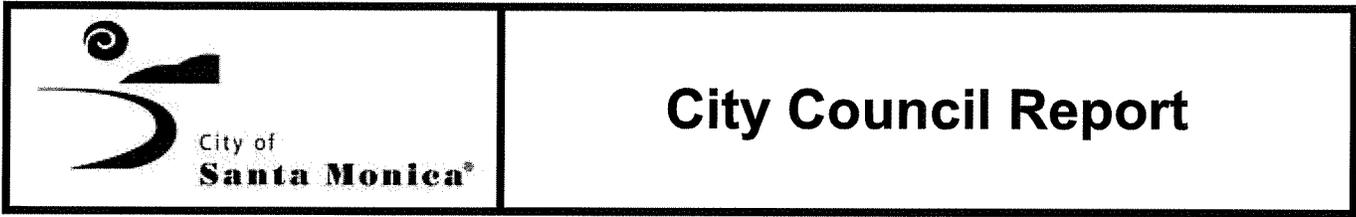
Staff is seeking City Council direction on advertising in City-parking structure interiors.



George Chavez

Approved By

Attachment 1



City Council Meeting: October 28, 2014

Agenda Item: 8-A

To: Mayor and City Council

From: David Martin, Director of Planning and Community Development

Subject: Downtown Parking Structure Advertising Program Update

Recommended Action

Staff recommends that City Council:

1. Authorize the continuation of the advertising and signage project with the expansion of the program to include 28 additional signs on the upper floors of parking structures 1-8 through August 31, 2018;
2. Appropriate the budget increases as outlined in the Financial Impact and Budget Action section of the staff report.

Executive Summary

In November 2010, Council authorized a one-year pilot advertising and signage project within the downtown parking structures. The project was intended to provide locations to promote City and Downtown Santa Monica Inc. (DTSM) events and programs as well as a means to generate revenue to further downtown programs and projects. A total of 24 sign structures have been installed on the lower levels of parking structures 1-5 and 7-8. Revenues from the program have been applied towards projects directly supporting access and parking improvements in the downtown area. Staff recommends continuing the project for an additional four years and expanding the program to allow for 28 additional signs above the second floor of the parking structures.

Background

Previous Council Actions

On November 23, 2010, Council authorized a one-year pilot advertising and signage project within the downtown parking structures.

The request for proposals (RFP) process and selection of the operator was conducted by DTSM in 2011. After selecting Van Wagner, agreements were executed between the City and DTSM, the City and Macerich, and DTSM and Van Wagner. Once all agreements were executed, all stakeholders coordinated with the Public Works Department regarding the location and placement of each sign within the parking structures.

The one-year pilot advertising and signage project began on September 1, 2013 and included 24 sign structures on levels one and two of parking structures 1-5 and 7-8. The sign structures consist of 14 wallscape signs and 10 backlight signs. Parking structure 6 was included in the initial contract however signs were not installed since the facility was under construction at the beginning of the program. Two signs designated as an additional media outlet for City and DTSM-related initiatives and events were placed in parking structure 9 because it is mostly utilized by residents.

Discussion

The program is managed by DTSM with support from Van Wagner Communications, LLC. The majority of the advertisements to-date have been main stream entertainment-related, typically movie and television, and are similar to current Big Blue Bus advertisements. While Section 8.4 of the License Agreement between DTSM and Van Wagner clearly prohibits "advertisements promoting alcohol or tobacco products." All content is approved by City and DTSM staff prior to posting.

The program is structured around separate agreements between the City and DTSM, the City and Macerich, and DTSM and Van Wagner. Revenues from parking structures 1-5, and 6 going forward, are split according to an agreement between the City and DTMS as shown in the following table:

Van Wagner Communications, LLC.	40%
City of Santa Monica	48%
Downtown Santa Monica, Inc.	12%

Revenues from parking structures 7 & 8 are split according to an agreement between the City and Macerich as shown the following table:

Van Wagner Communications, LLC.	40%
Macerich	30%
City of Santa Monica	24%
Downtown Santa Monica, Inc.	6%

On August 28, 2014, the DTSM Board recommended continuation of the program for another four years and expansion to upper floors of the parking structures. The expansion will occur above level two of each garage and includes 15 wallscape signs and 15 backlight signs at the following locations:

- Two wallscape and two backlit signs in parking structure 6 to bring that garage in line with the existing program
- Two additional wallscape and two backlit signs in parking structures 1-6
- Two additional wallscape signs in parking structures 7 & 8
- Two backlight signs in parking structure 10 dedicated for City and DTSM-related initiatives and events

Between September 1, 2013 and August 31, 2014, the City received \$142,659 from the program. Revenue reports are received from Van Wagner (via DTSM) on a monthly basis. The City then provides copies of the reports to Macerich, along with monthly payments of their portion. The City's revenue has been applied towards projects directly supporting access and parking improvements in the downtown area including elevator repair, installation of the new parking and revenue control system, traffic signal improvements at Wilshire Boulevard and 3rd Street, and this past summer's "Go With the Flow" program. Staff supports the DTSM Board decision and recommends continuing the project for an additional four years to further the initial goals.

Revenue from the existing 24 signs is expected to increase in future years since some months of the pilot program did not receive advertisements. This was due to the startup of the program and advertisers were not yet familiar with the locations. Revenue from the expansion is not anticipated to be proportionate to the existing 24 signs since the new signs will be located on above level two of each garage. The prominence of the existing signs will generate a higher rental rate than the expansion signs. The addition of parking structure 6 and expansion of 28 signs to the upper floors is estimated to generate between \$60,000 and \$80,000 in additional revenue per year.

In discussions with Van Wagner and DTSM, expansion to other facilities was not recommended at this time given the types of parking uses supported by the Civic Center and Main Library lots. Most Civic Center parking patrons are either long-term City or Downtown employees, or patrons of City Hall or the Superior Court. At the Main Library, the primary parking patrons are library users and long-term Downtown employees. The focus of the program has been on short-term visitors and areas of more frequent parking turnover.

The cost for the production and maintenance for each of the panels is managed by DTSM. DTSM will continue to manage the program on behalf of the City and City staff would have access to specified panels for public awareness campaigns, with no cost and minimal impact on staff time.

Financial Impacts & Budget Actions

The current advertising and signage project with 28 signs on the lower floors of structures 1-8 will generate an estimated net annual revenue amount of \$228,632. The addition of 28 new signs on the upper floors of the parking structures 1-8 will generate an additional net annual revenue amount of \$42,000.

Approval of the continuation of the advertising and signage project with the expansion of the program to include 28 additional signs on the upper floors of parking structures 1-8 will generate a total net annual revenue amount of \$270,632, and requires the following FY 2014-15 budget changes:

1. Establish revenue budget at account 01417.410220 in the amount of \$325,326.
2. Appropriate the following expenditures to reflect payment of the license fees: \$54,694 to account 01417.522560.

Prepared by: Andrew Maximous, Acting Principal Traffic Engineer

Approved:

Forwarded to Council:

David Martin, Director
Planning and Community Development

Rod Gould
City Manager

Attachment 2

Sample Photos from Santa Monica Parking Structure 3, Dated 8/21/2016



* The elevator advertisement program is separate from the wall display advertisement program.