

SILICON VALLEY'S AIRPORT



Addendum to the EIR for Digital Billboards

John Aitken, A.A.E.

Director of Aviation

What is being reviewed by Council?

- City Council is being asked to:
 - Adopt a resolution approving the Addendum to the Amendment to the Norman Y. Mineta San Jose International Airport Master Plan Environmental Impact Report (EIR) (SCH# 2018102020), certified by the San Jose City Council on April 18, 2020, in accordance with the California Environmental Quality Act
 - To conduct a Public Hearing regarding the Project Plan for two (2) Outdoor Advertising Digital Billboards, to fulfill the Public Noticing Requirement under Policy 6-4

History of the Project



- September 25, 2018
 - Council adopted Council Policy 6-4, which provides the policy, regulations, and process for electronic signs
 - 6-4 included proposed sites on Airport
- August 6, 2019
 - Council approved the memo where the Airport identified its intent to use Clear Channel for its proposed digital billboards
 - This same memo excluded Airport billboards from the 6-4 RFP process
 - Council approved this memo by unanimous vote of 11-0
- February 21, 2020
 - Following the guidelines outlined in Council Policy 6-4, the Director of Aviation approved Clear Channel to develop and operate two electronic billboards
- February 25, 2021
 - All current sitting Council members vote to go forward with billboards on City owned sites under the rules outlined in Council Policy 6-4 (vote was 11-0)
- July/August 2021, Opened to Public Comments on the Environmental, voluntary effort not required by CEQA
- January 26, 2022, Airport Commission voted to recommend approving the Addendum to the EIR.

August 6, 2019 Council Meeting



Table 3. City-owned sites not included in either Request for Proposal

APN	CURRENT USE	ADDRESS	SIGNS
254-01-004	Mabury Service Yard	1404 Mabury Road	1
259-28-043	SAP Center	525 West Santa Clara Street	2
230-37-020	Vacant Lot (Near National Guard)	Hwy 87 and West Hedding	1
101-03-009	Airport Facility	2500 Seaboard Avenue	1
230-01-058	Airport Facility	2200 Airport Boulevard	1
230-46-065	Airport Facility	1128 Coleman Avenue	1
230-02-021	Airport Facility	2341 Airport Boulevard	1

The Airport has an existing agreement with an advertising concessionaire who manages one cohesive facility-wide advertising program. This agreement expires in 2027. Airport staff is interested in leveraging their outdoor program to support in-terminal advertising. Airport staff and the advertising concessionaire are currently finalizing an in-terminal marketing/sponsorship program. The Airport intends to address other advertising opportunities, including outdoor billboard advertising, once the in-terminal program has been fully developed.

Terms of the Agreement



Term: From date of installation through June 30, 2027

Revenue:

- 55% of Gross Revenue
- MAG of **\$490,000** for both signs
- **\$2.5m** over the term

Capital Investment: \$0 by the City Concessionaire to incur all capital investment

Marketing: The Airport can utilize up to 10% of the advertising time to promote awareness and other airport initiatives

Take Down: Clear Channel will take down 8 billboards in San José

Take Down Provisions



- 8 billboards to be removed
 - Will be in the City of San José
 - From locations that are unsightly or incompatible with surrounding land uses (as outlined in Council Policy 6-4)
 - To take down other billboards, the easiest way is to offer a trade as current billboards have legal rights
- Caltrans requires 2 billboards to be removed along the freeways in California to receive a landscape permit through Caltrans

Dark Sky Considerations



- When Council Policy 6-4 was created, Lick Observatory provided feedback and input in the process. As a result, the policy has the following requirements:
 - Turning off billboard from midnight to 6am
 - Tilting the signs towards the ground at 15 degrees
 - Automatic dimming capabilities
 - Restricting white/bright backgrounds
 - Incorporates elements from the International Dark-Sky Association's guidelines
 - Applying these guidelines “has the potential to result in no net increase or even a net reduction in light pollution” *
- Back in 2018, in discussions between City staff and Lick Observatory it was noted that the Airport sites were far enough away to be outside the discussed ‘area of influence’
- Light from billboard would have an illumination of 0.00000000003 foot-candles for Lick. And no illumination after midnight.

Light Shielding



- This project includes additional lighting control features that go beyond the requirements in Council Policy 6-4
- Features to control lighting:
 - Additional efforts to minimize vertical and lateral light spillage are incorporated into the designs
 - Side shielding to eliminate light spillage
 - Top shielding to block nearly all light upwards towards the runways and planes
 - Illumination would be set at level to be similar or less than the moon.
 - Additional dimming controls would limit light spillage to the riparian zone, potential to lower power to 1% to limit lighting
 - Set to following requirements by the Dept of Fish and Wildlife
 - The conventional sign would use backlighting which reduces the brightness when compared with conventional billboard lighting.
 - Automatic dimming using photoelectric sensors

Health Concerns Raised



- Spoke with Allison Nichol at the Epilepsy Foundation. Ms. Nichol worked for 20+ years for the U.S. Dept of Justice on Disability Rights:
 - There is no scientific evidence that LED lights as a light source create issues for people who are photosensitive
 - There are no ADA issues with LEDs as a light source
 - The issue for people who are photosensitive is when the lights are flashing, such as in the gaming or entertainment industry
 - Flashing and/or moving lighting are prohibited on billboards in San José
- U.S. Dept of Energy also debunks the myth that LEDs are more harmful to human than other lights

FAA Approval



- FAA has issued finding of no objections with the terms and conditions of the signs
- All activities will be coordinated with the Air Traffic Control Tower

Issue of Fairness



- Clear Channel followed all the City Council rules and processes.
- This 3-year public process has been transparent. Airport has publicly communicated our intentions since 2019.
- Clear Channel received all required approvals.
- City Attorney was actively included and approved the process.
- After receiving approvals, Clear Channel spent hundreds of thousands of dollars on an open and transparent environmental review, going beyond what was simply required by law.

Business Case – Revenue Sharing

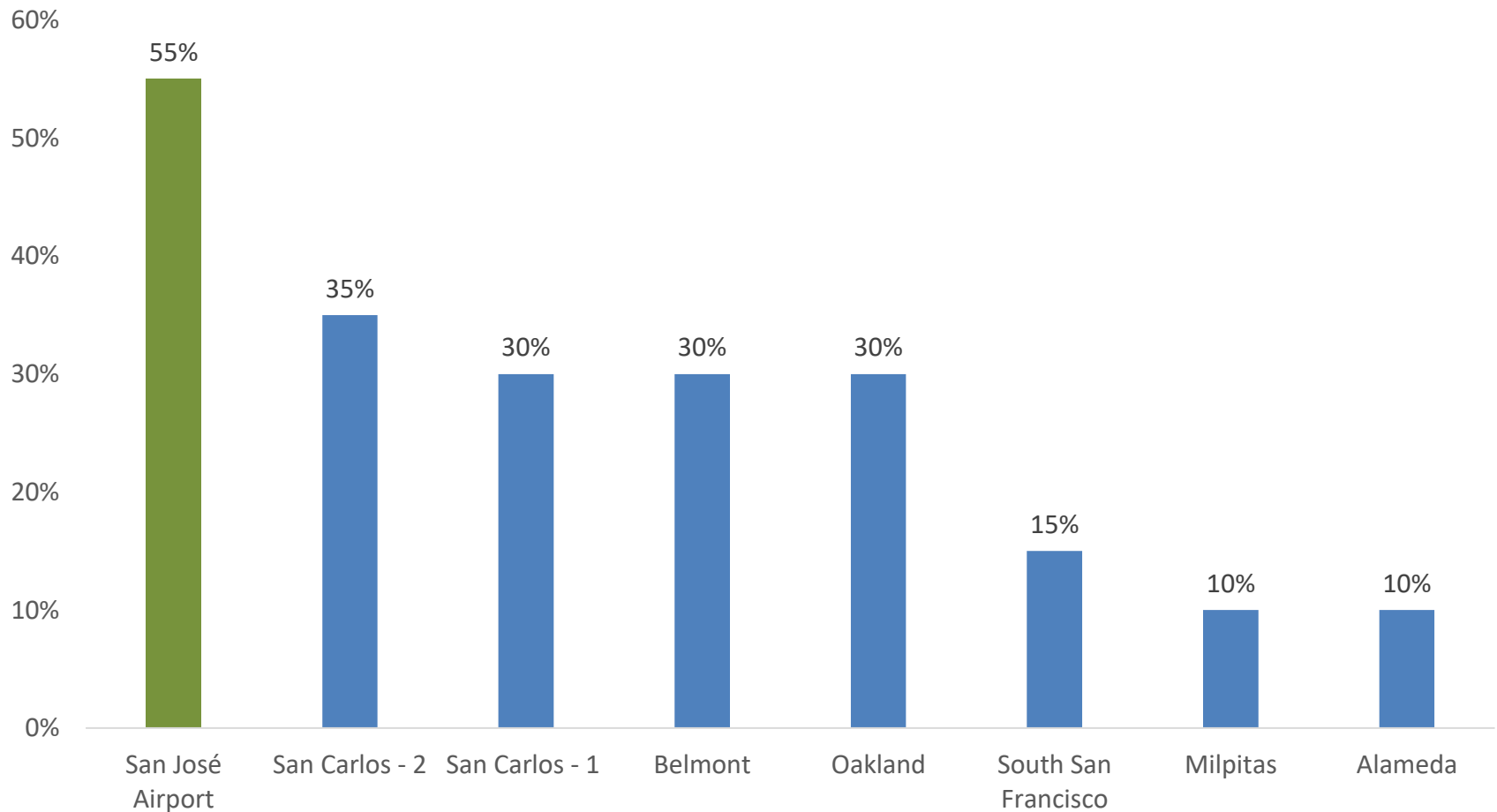


- **Revenue sharing is 55%**
- When Clear Channel first started the conversation, they wanted revenue sharing to be 30-40%, but had to agree to the higher amount because of the agreement we already had in place
- Comparatives for billboard revenue sharing at other airports:
 - 35% at New Orleans Airport
 - 35% at Victoria International Airport
 - 37% at Piedmont Triad International Airport (NC)

Business Case – Revenue Sharing



Current Revenue Sharing Agreements in the Bay Area with Clear Channel



Business Case – Highly Profitable



- If the billboard project exceeded MAG in the same way as FY19 – FY21, which averaged 83% over their MAG, the average revenue to the Airport would be:
 - \$900,000 / year
 - \$4.5m over the term of the project
- Diversifies the revenue streams for the Airport.
- **As a standalone project, this would likely be one of the most profitable concessionaire at the Airport (excluding other advertising)**

Needed Revenue

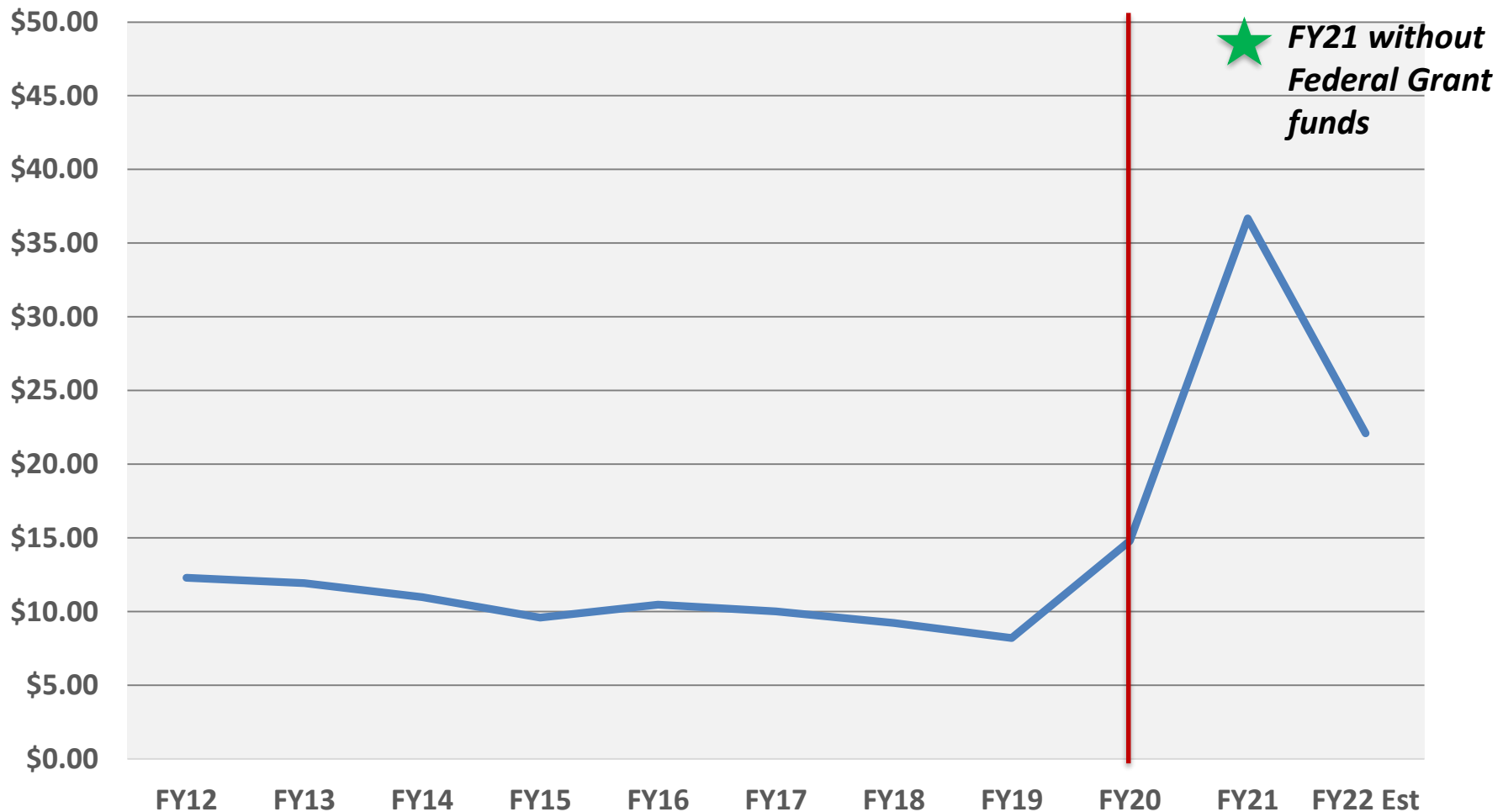


- CPE – Cost per Enplanement to the Airlines
 - PreCovid the CPE was under \$10/enplaned passenger
 - FY21, it hit over \$35 and would have been nearly \$50 without the Federal Grants
 - FY22, is hovering around \$22
- Debt Service
 - The annual debt service requirement for the Airport is around \$95 million a year
 - Refinancing allowed us to front load some savings for FY22 and FY23, but it goes back up to about \$70 million in FY24

The costs to the Airline partners have increased significantly due to COVID



Airline Cost per Enplaned Passenger (CPE)



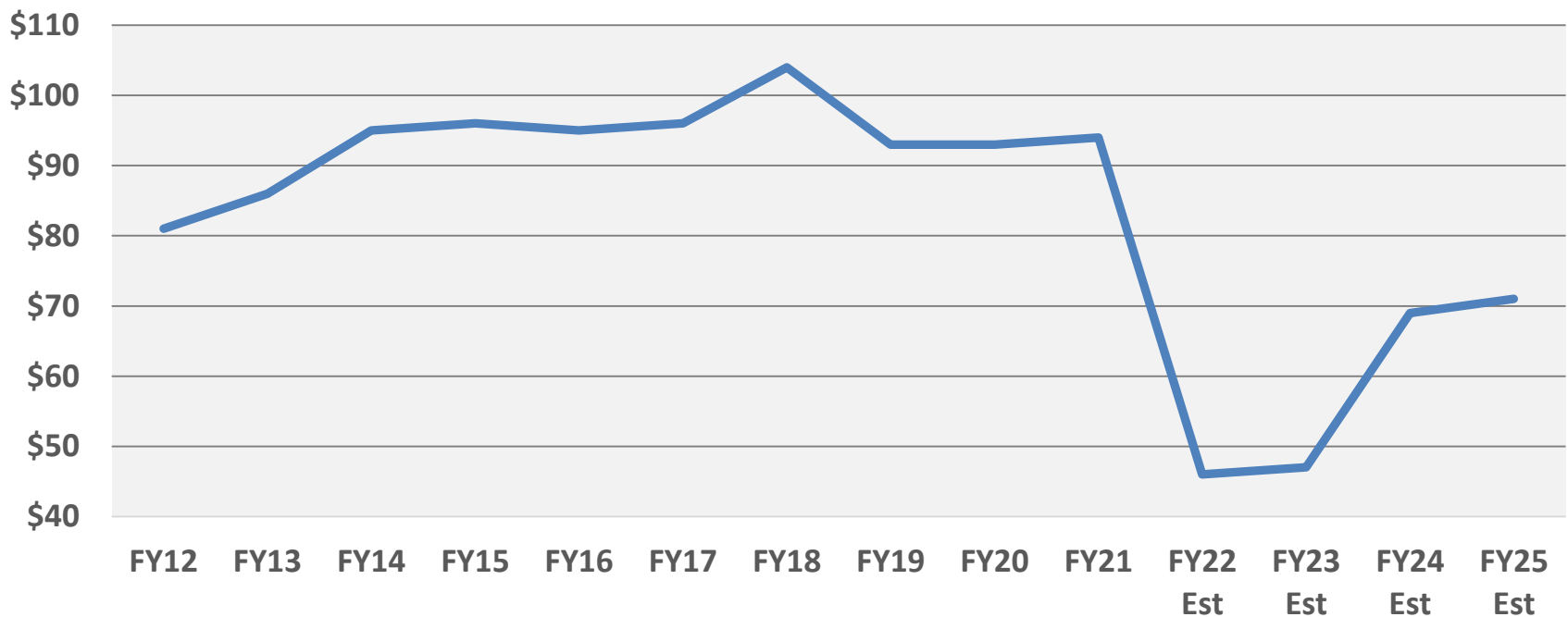
Airport Debt



The recent bond refunding lowered the overall debt and debt service for FY22 & FY23, but it rises again in FY24 & FY25

(\$ millions)

Total Bond Debt Service



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