

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
8	11/13/17	Open	Action	11/08/17

Subject: Approving the License Agreement for Signs with Clear Channel Outdoor

## ISSUE

Whether to approve the License Agreement for Signs with Clear Channel Outdoor.

## RECOMMENDED ACTION

Adopt Resolution No. 17-11-\_\_\_\_\_, Approving the License Agreement for Signs with Clear Channel Outdoor.

## FISCAL IMPACT

Approval of this license agreement will result in SacRT receiving annual payments of at least \$15,360 over the five-year agreement period for four existing signs plus an additional \$39,600 per year for ten years for the new proposed sign as detailed below.

## DISCUSSION

In April 2008, the SacRT Board approved a five-year license agreement with Clear Channel Outdoor (Clear Channel) for existing billboards located within Sacramento Regional Transit District's (SacRT) right of way and within the Sacramento-Placerville Transportation Corridor Joint Powers Authority (JPA), further described in Attachments "A1-A4". When this agreement expired in 2013, Clear Channel Outdoor continued to pay revenue sharing fees to SacRT on a month-to-month basis, despite "no holdover" language in the License Agreement and an obligation to remove the signs upon expiration of the term. Clear Channel recently requested a new license Agreement for these locations of the License Fee but informed SacRT that the annual amounts paid to SacRT have been considerably greater than the actual revenue growth. As a result, under the terms of the new license agreement, Clear Channel made modest reductions to the license fee amounts. To offset the revenue reductions, Clear Channel has proposed the creation of an additional sign that would be located north of Highway 50 east of Redding Avenue near the 65<sup>th</sup> Street Station (see Attachment B). Clear Channel will be responsible for construction and maintenance of the new sign as well as the maintenance of the existing signs located within SacRT's and the JPA's right of way.

The proposed sign locations and sizes are identified as follows:

1. Freeport Boulevard  
75 Feet North of  
Florin Road  
Map (Attachment A1) - Two Single-face illuminated 12' x 25' sign. Previous revenue of \$5,168 annually. A decrease to \$4,920 annually or 25% of gross revenue generated from sign (less any agency fees), whichever is greater. A modest rent decrease due sign earning less revenue.

Approved:

Presented:

Final 11/08/17

General Manager/CEO

VP, Finance/CFO

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- 2. 12<sup>th</sup> & E Street - Single-face illuminated 12' x 25' sign. Previous revenue of \$4,801 annually, revenue reduction to \$600 annually, or 25% of the annual revenue generated from sign (less any agency fees), whichever is greater.  
Map (Attachment A2)

The minimum rent will increase to \$2,400 annually, once trees are trimmed allowing for better visibility. Since this is located within the City of Sacramento, coordination with City staff will be required.

- 3. Freeport Blvd/Florin Road - Double-face illuminated 12' x 25' sign. Previous revenue of \$2,400 annually. An increase to \$4,920 annually or 25% of the annual revenue-generated from sign (less any agency fees), whichever is greater.  
Map (Attachment A3)

- 4. Folsom Blvd/Mayhew - Double-face illuminated 12' x 25' sign. Previous revenue of \$5,168 annually. A modest decrease to \$4,920 annually or 25% of annual revenue generated from sign (less any agency fees) whichever is greater. A modest rent decrease due to sign earning less revenue.  
Map (Attachment A4)

The proposed new sign:

- 5. North of Highway 50 - New Double-face illuminated 14' x 48' sign. Annual revenue to be \$39,600 or 25% of annual revenue from sign (less any agency fees) whichever is greater.  
Map (Attachment B)

Clear Channel is requesting the proposed new billboard sign be installed on the north side of Highway 50 east of the Redding Avenue crossing under a relocation agreement with the City of Sacramento requiring the removal of existing signs according to the City's sign code.

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Summary of Proposal:

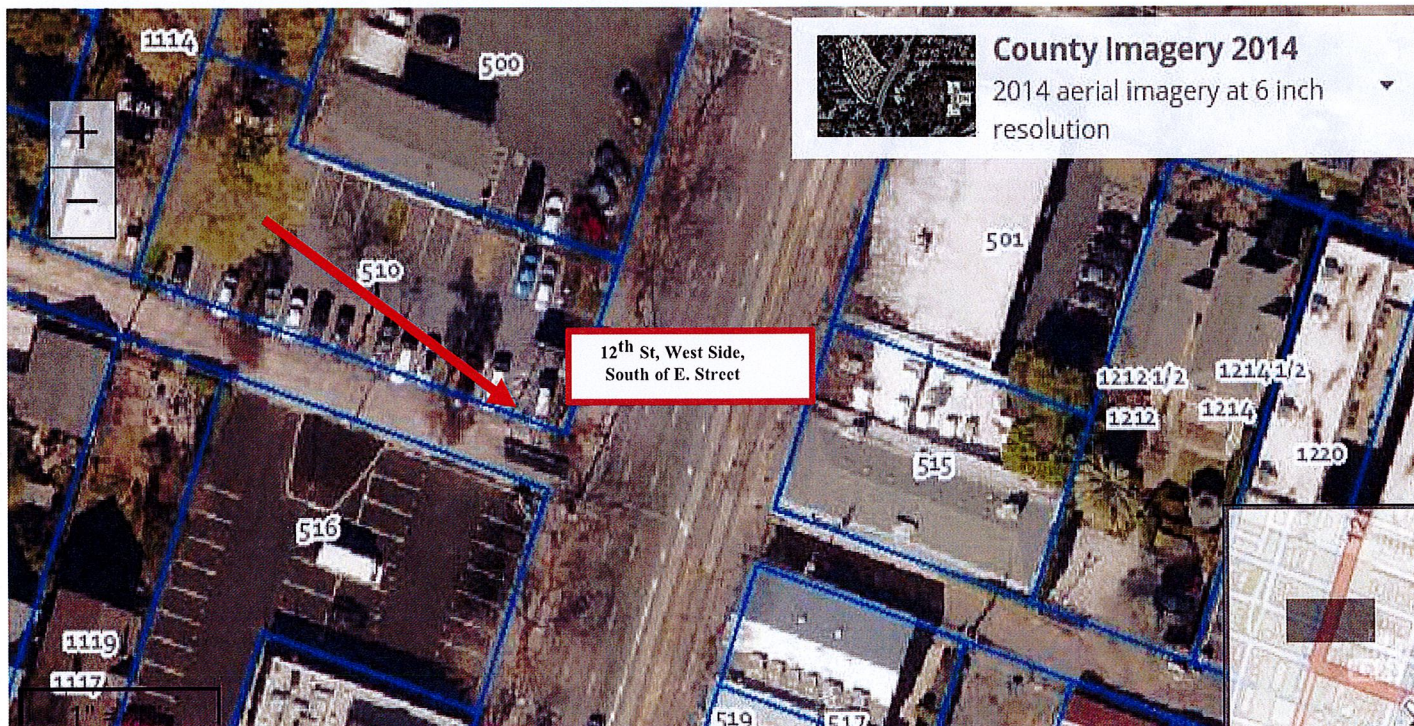
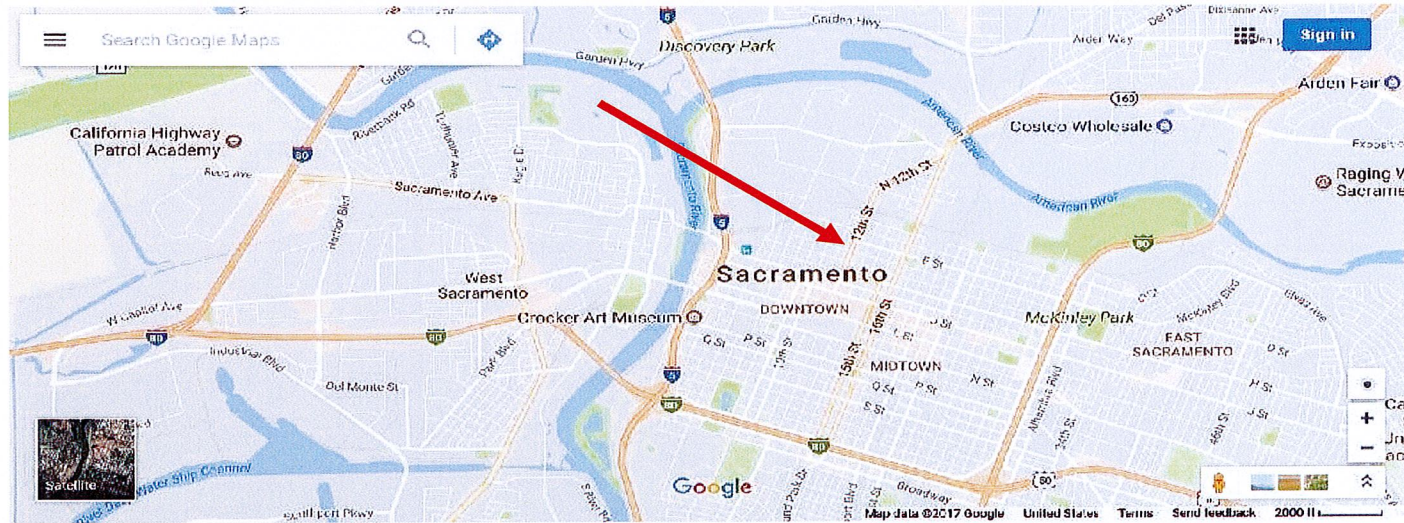
<u>EXISTING SIGNS</u>	<u>PREVIOUS RENT</u>	<u>NEW RENT</u>
1. Freeport	\$ 5,168	\$ 4,920
2. 12 <sup>th</sup> & E	\$ 4,801	\$ 600
3. Freeport Blvd-Florin	\$ 2,400	\$ 4,920
4. Folsom Blvd-Mayhew	\$ 5,168	\$ 4,920
		<b>\$ 15,360</b>
 <u>PROPOSED NEW SIGN</u>		<u>RENT</u>
1. North of Hwy 50	---	\$ 39,600
<b>TOTAL</b>	<b>\$ 17,537</b>	<b>\$ 54,960</b>

As with any new proposed sign, there are significant costs associated with building and placing a sign. Since Clear Channel is required to pay these upfront costs, the new agreement includes a language which prevents SacRT from terminating the License Agreement as to that sign for a period of 10 years after installation is complete. Annual payments for that sign would not start until the earlier of: (1) completion of installation; or (2) 2 years after commencement of the agreement. Because the initial design, building and construction of the sign is a significant upfront cost for Clear Channel, accepting this term was deemed reasonable.

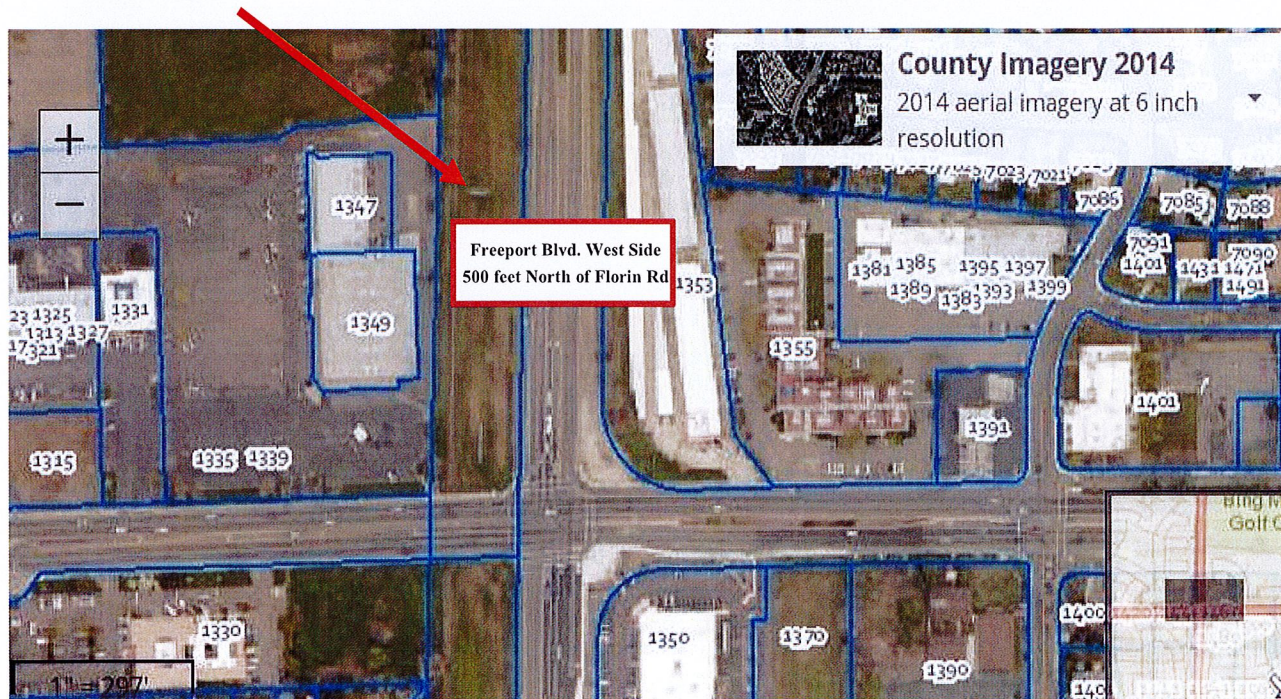
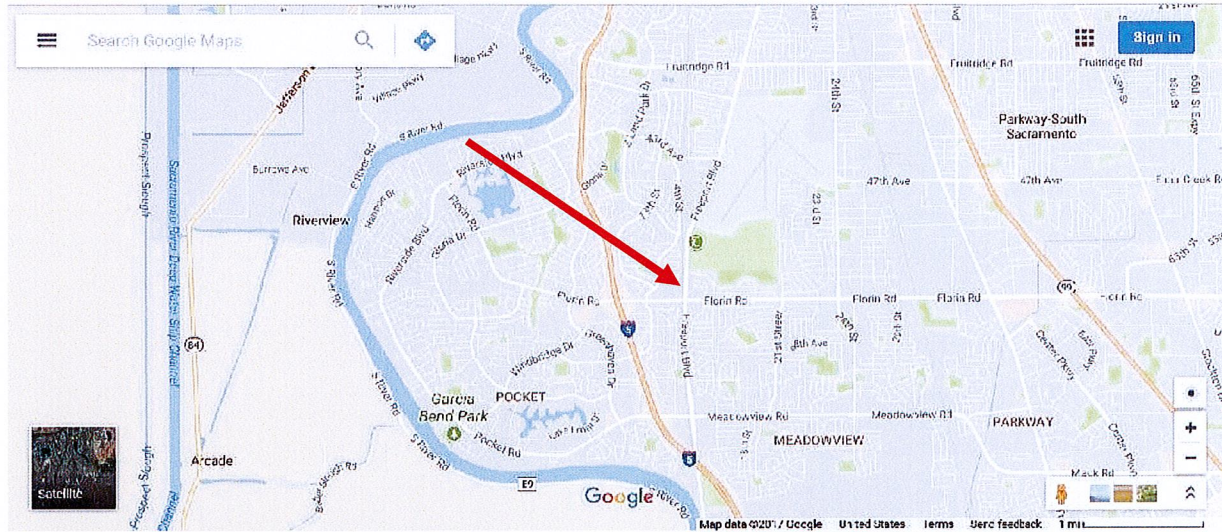
Staff recommends approval of a License Agreement for the four existing billboard signs for a 5-year term and the new proposed billboard sign for a 10-year term.

# CLEAR CHANNEL OUTDOOR SIGNS ON SACRAMENTO RT PROPERTIES

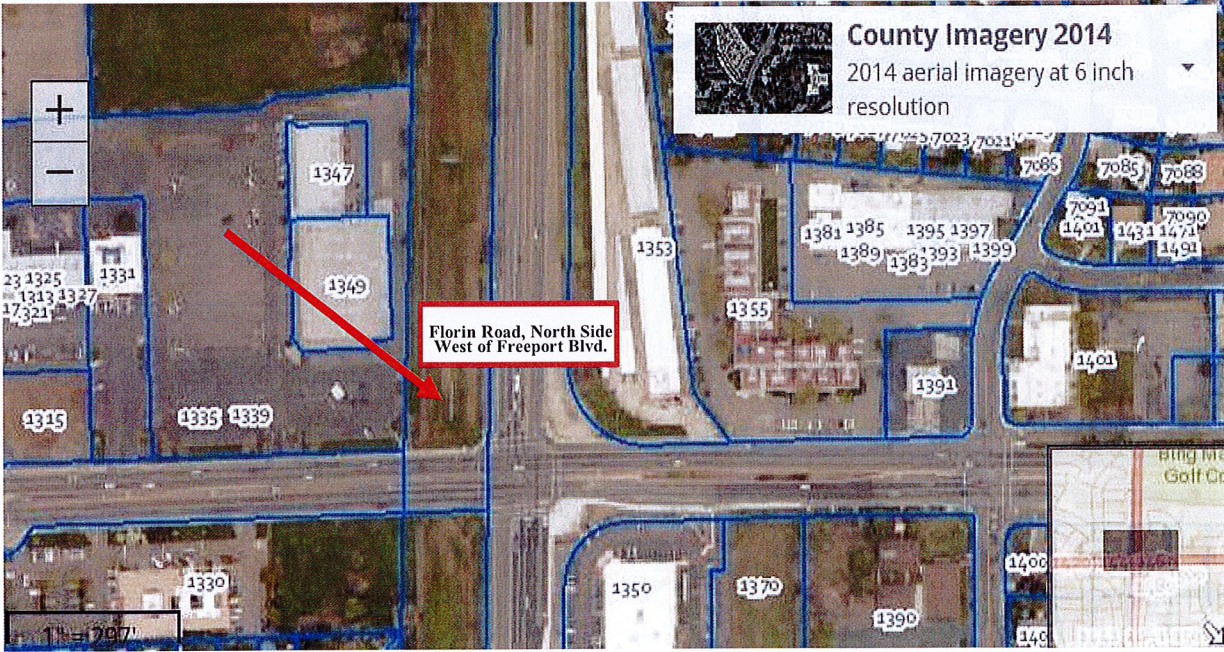
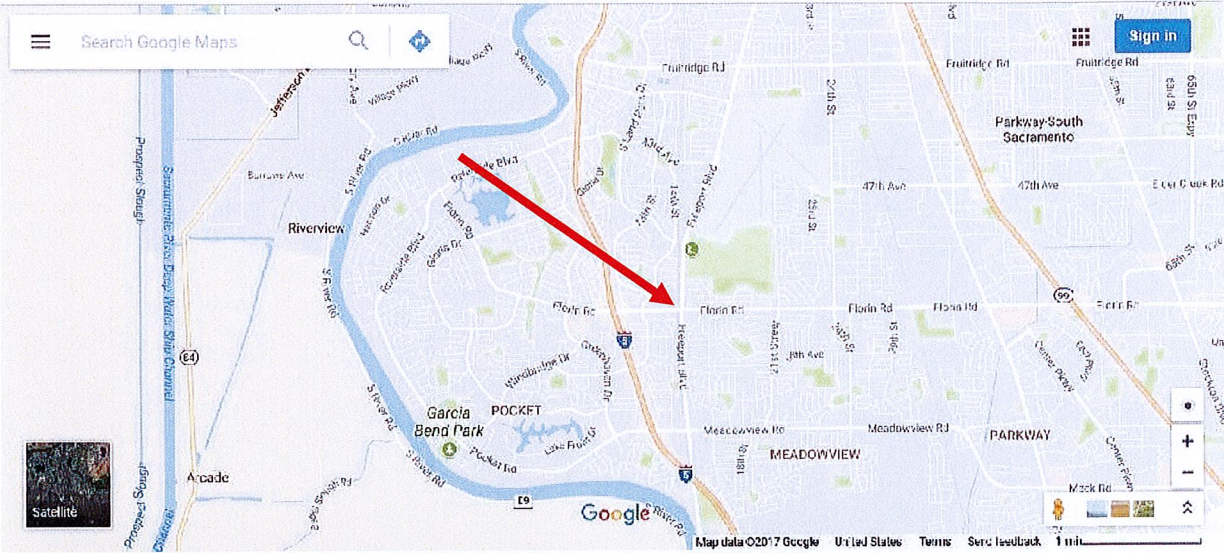
Location #1: 12<sup>th</sup> Street, west side, south of E Street:



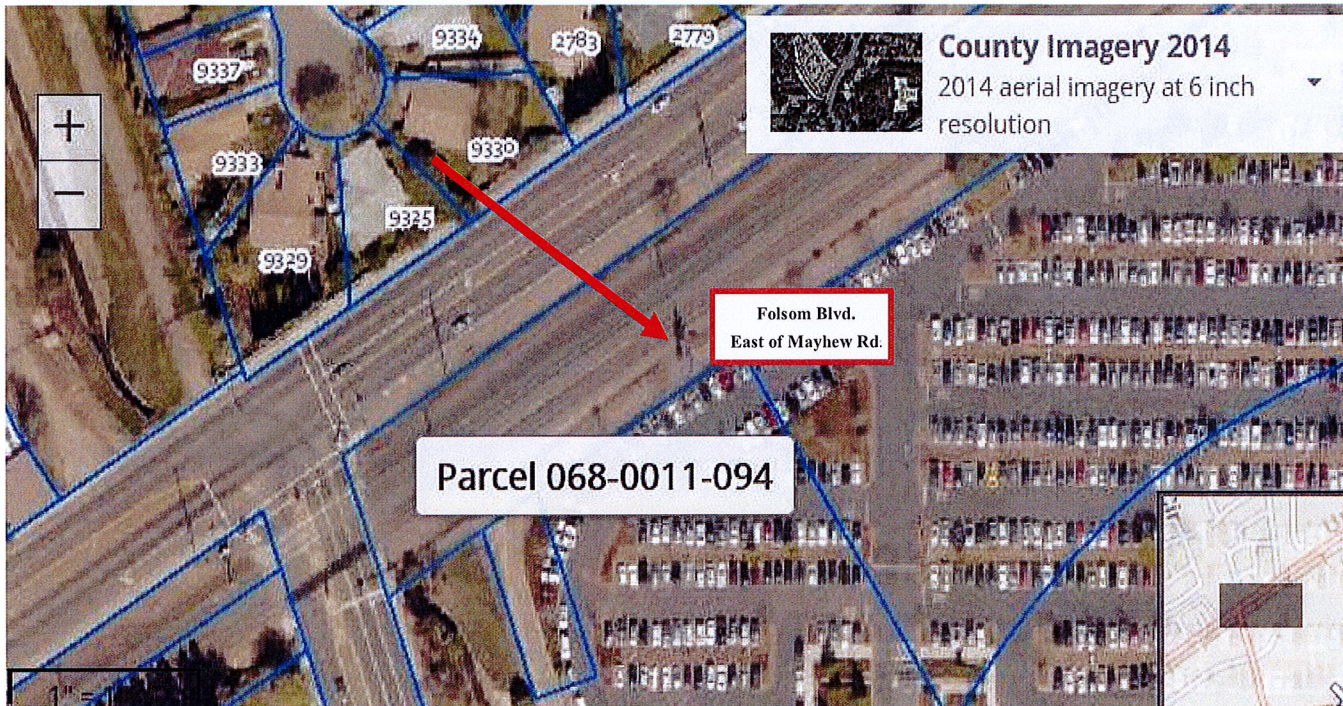
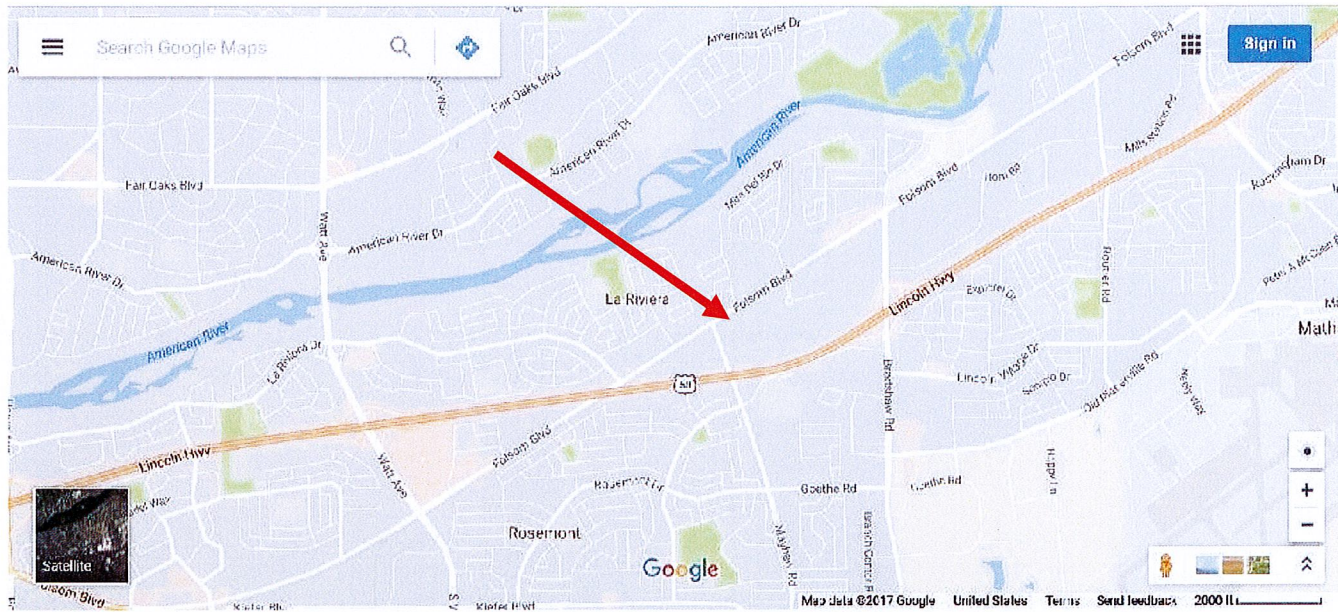
Location #2: Freeport Blvd. west side, 500 feet north of Florin Road



Location #3: Florin Road, north side, west of Freeport Blvd.

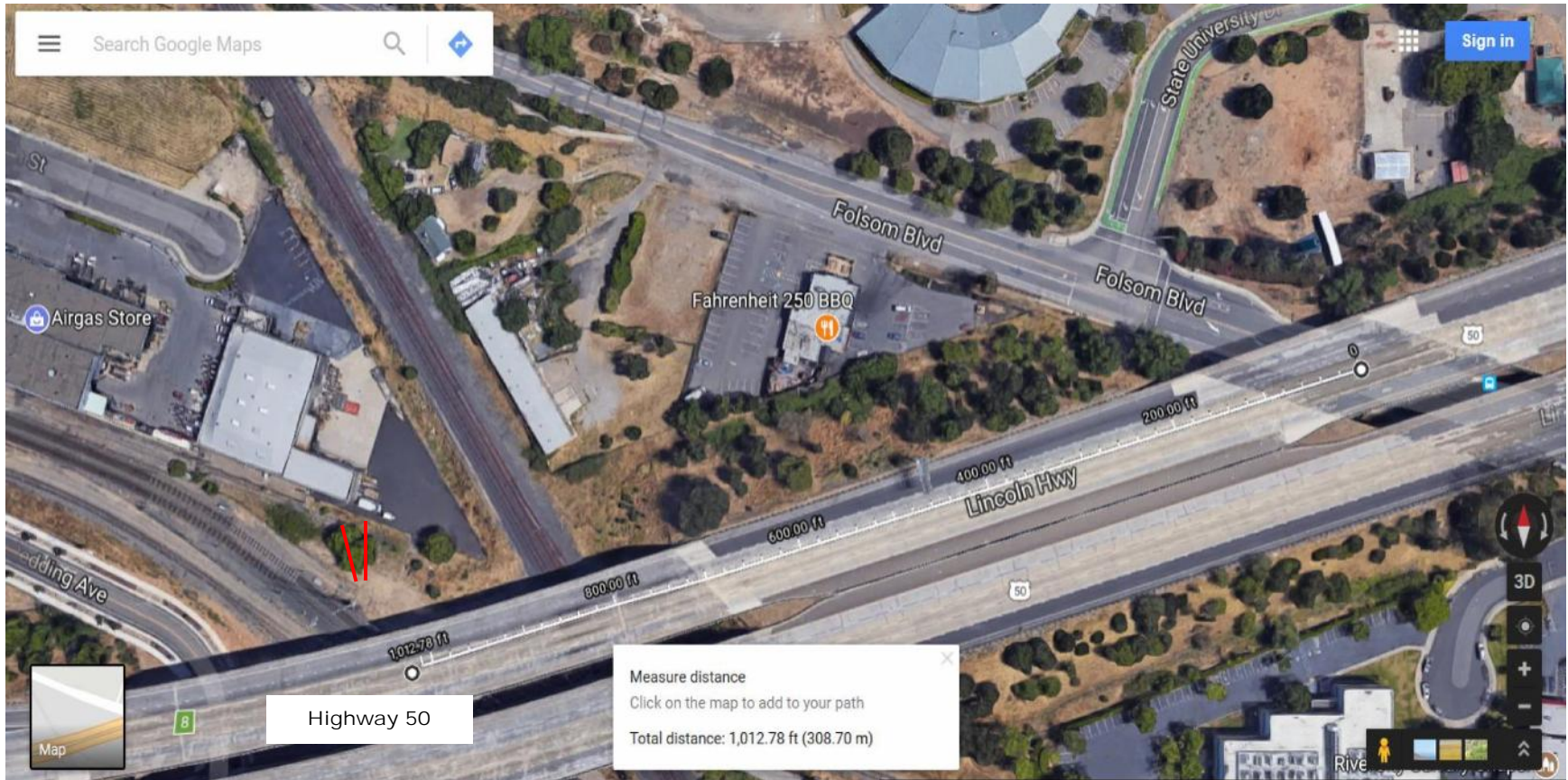


Location #4: Folsom Blvd. east of Mayhew Road:



ATTACHMENT B

NORTH OF HIGHWAY 50



Double-face illuminated 14' x 48' Sign.



RESOLUTION NO. 17-11-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 13, 2017

**APPROVING THE LICENSE AGREEMENT  
FOR SIGNS WITH CLEAR CHANNEL OUTDOOR**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the License Agreement for Signs between Sacramento Regional Transit District, therein referred to as "SacRT," and Clear Channel Outdoor, therein referred to as "Licensee," whereby SacRT grants a license to Licensee to maintain four existing poster-panel signs for a term not to exceed 5 years, a new fifth poster panel sign for a 10-year term that begins on the earlier of (1) completion of installation; or (2) 2 years after the Effective date of the License Agreement, subject to payment of the specified license fees, is hereby approved.

THAT, the General Manager/CEO or his designee is hereby authorized and directed to execute the foregoing License Agreement.

\_\_\_\_\_  
ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary