

Electronic Advertising and Downtown Sign Intensification

Arts Commission
February 22, 2021



Overview

- Council Priority # 3
 - Council Direction Sept., 2018
 - Two Programs/Two Phases:
 - Electronic digital off-site advertising signs or billboards
 - Downtown Sign Intensification
- Phase 1: City-owned Sites
Phase 2: Non City-owned Sites



Phase 1 – Why?

- Create a more vibrant and aesthetically interesting environment
- Generate revenue for Downtown amenities and place making efforts
- Support large events like the Super Bowl through coordinated signage
- Create a civic asset that can support city initiatives
- Modeled after programs implemented in Denver and Atlanta

Phase 1: City-owned Sites

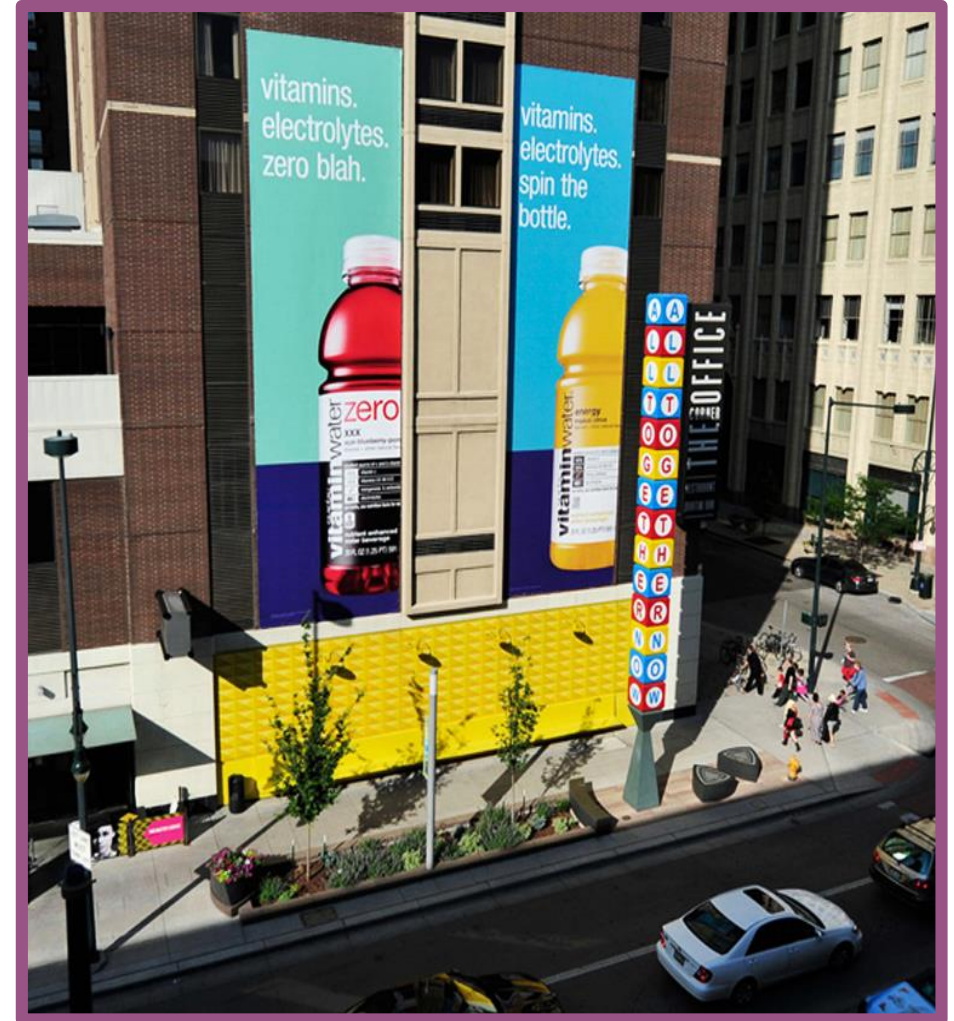
Amendments:

- General Plan Text Amendment
- Delete Policy CD-10.4
- Revise Council Policy 6-4
- Amend Title 23, Sign Code



Selection Criteria

- Appropriate Land Use Designations and Zoning Districts
- Consistent with the Riparian Policy
- Consistent with Historic Preservation Policies
- Compatible with existing on-site use
- Conforms to bond financing requirements



Phase 1 Eligible Sites

17 sites and 22 signs

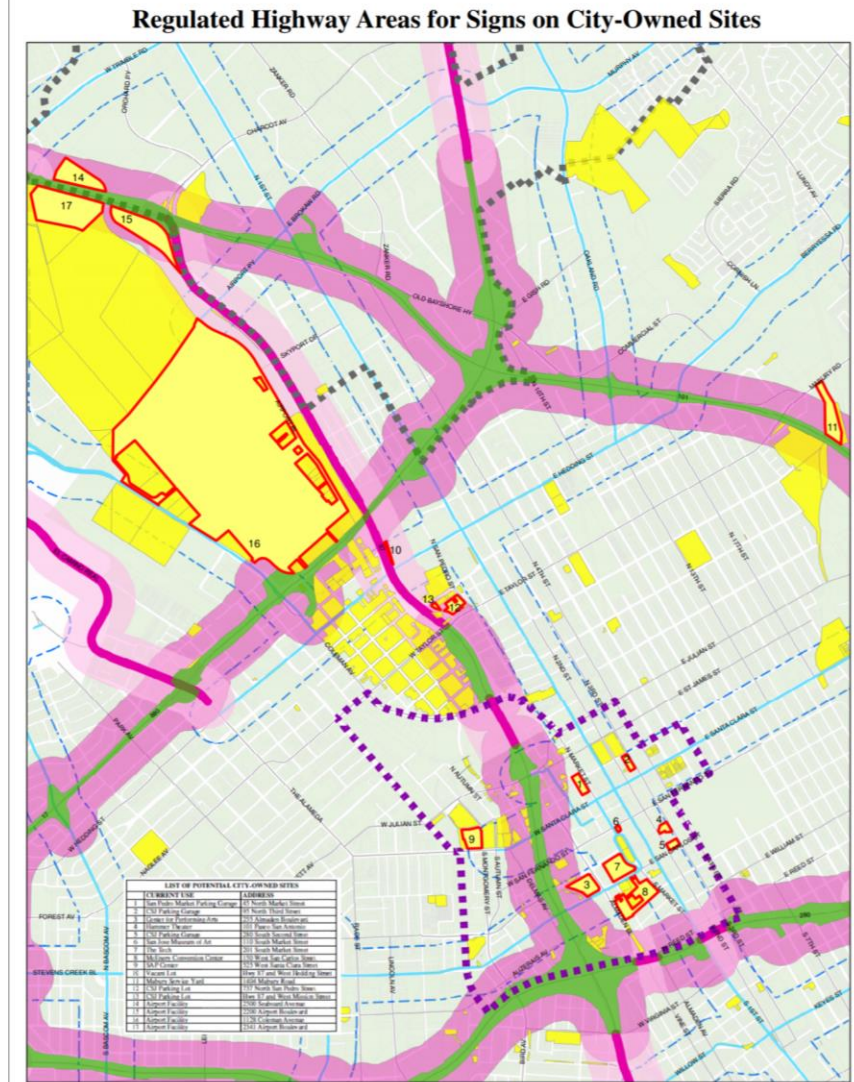
- 8 sites (8 signs) outside Downtown
- 9 sites (14 signs) within Downtown



City Council Approval – September 2018

List of Potential City-owned sites - Phase 1

| | APN | CURRENT USE | ADDRESS | SIGNS |
|----|------------|----------------------------------|--------------------------------|-------|
| 1 | 259-34-039 | San Pedro Market Parking Garage | 45 North Market Street | 2 |
| 2 | 467-21-002 | CSJ Parking Garage | 95 North Third Street | 1 |
| 3 | 259-43-064 | Center for Performing Arts | 255 Almaden Boulevard | 2 |
| 4 | 467-46-109 | Hammer Theater | 101 Paseo San Antonio | 2 |
| 5 | 467-46-097 | CSJ Parking Garage | 280 South Second Street | 1 |
| 6 | 259-40-066 | San Jose Museum of Art | 110 South Market Street | 1 |
| 7 | 259-42-023 | The Tech | 201 South Market Street | 1 |
| 8 | 264-29-113 | McEnery Convention Center | 150 West San Carlos Street | 2 |
| 9 | 259-28-043 | SAP Center | 525 West Santa Clara Street | 2 |
| 10 | 230-37-020 | Vacant Lot (Near National Guard) | Hwy 87 and West Hedding Street | 1 |
| 11 | 254-01-004 | Mabury Service Yard | 1404 Mabury Road | 1 |
| 12 | 259-06-054 | CSJ Parking Lot | 737 North San Pedro Street | 1 |
| 13 | 259-04-019 | CSJ Parking Lot | Hwy 87 and West Mission Street | 1 |
| 14 | 101-03-009 | Airport Facility | 2500 Seaboard Avenue | 1 |
| 15 | 230-01-058 | Airport Facility | 2200 Airport Boulevard | 1 |
| 16 | 230-46-065 | Airport Facility | 1128 Coleman Avenue | 1 |
| 17 | 230-02-021 | Airport Facility | 2341 Airport Boulevard | 1 |



*All sites located within 1000 feet of commercial/ industrial activity.

Request for Proposals



Select Sites RFP

- Six sites
- Minimum 30-33% revenue for the City
- Artistic accompaniment with each sign
- Percentage of time for City messaging
- Site specific aesthetic qualifications

San Jose Aesthetic Standards

- Focus on signage quality
 - Architectural compatibility with neighborhood and buildings
 - Street orientation with enlivened building facades
 - Appropriate scale and placement related to the underlying building
- Static “Spectaculars” to include local art underlayment



Request for Proposals



Alternative Sites RFP – Freeway Facing Signs

- Two sites
- Proposers able to submit additional sites that abide by Council Policy 6-4
- Minimum 35% revenue for the City
- 4 to 1 takedown ratio
- Percentage of time for City messaging

Next Steps – Phase 1



Phase 2 - Project Overview

- Free-standing programmable billboards on freeway-facing sites.
- Building-mounted programmable signs in the Downtown Sign Intensification Zone.
- Advertising on public amenities and street furniture downtown.
- Modifications to the Phase 1 Illumination parameters
- Allow signs to begin operation at 5:00 am instead of 6:00 am



Community Engagement

Community and Scoping Meeting held on **July 13**, 2020

Virtual focus group meetings held in July 2020
(**July 23; July 27; July 30**)

- Environmental groups
- Sign companies
- Lick Observatory
- Stakeholders

Online survey Feb-March 2021

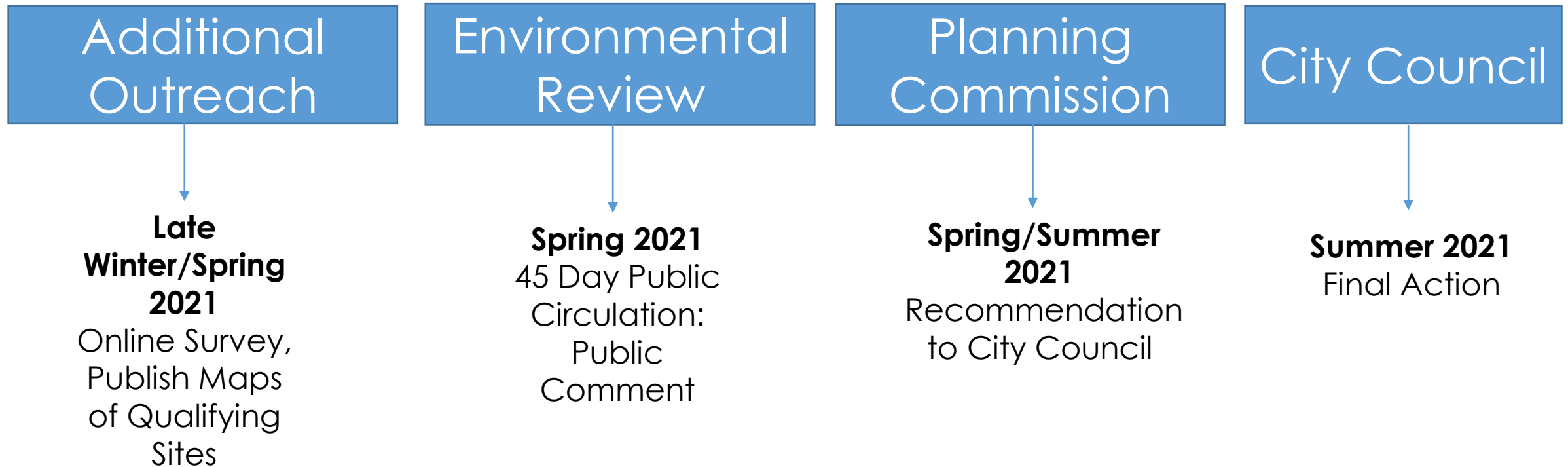
Additional outreach and circulation of EIR – Spring 2021

Community Engagement Feedback

- Traffic and pedestrian safety concerns
- Loss of dark sky and impacts to wildlife from sign illumination
- Increase replacement ratio to at least 10:1
- No benefit to the city from this project
- Do not lift the billboard ban



Next Steps – Phase 2

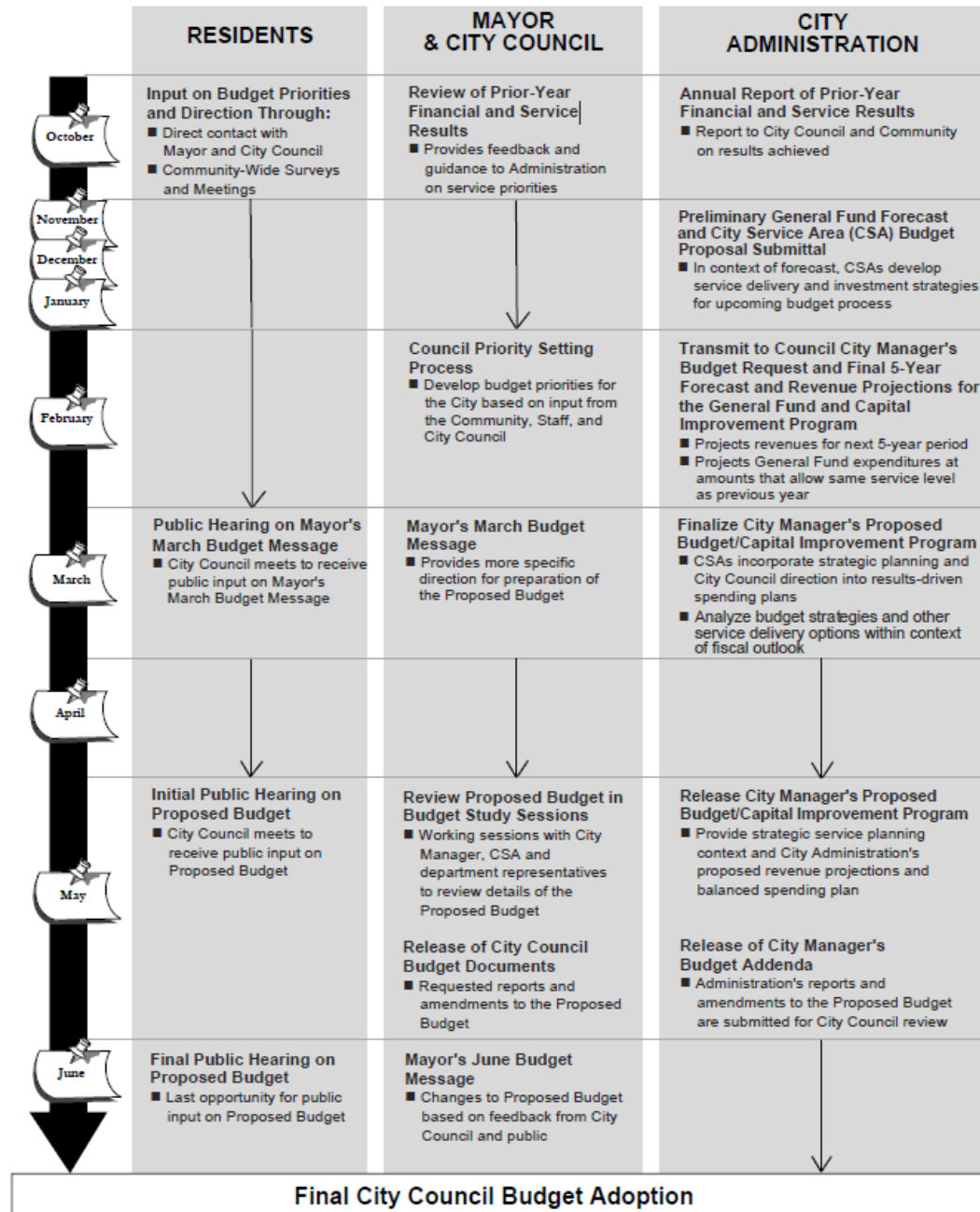


QUESTIONS?

City of San Jose

Art Budget Overview & Update

CITY OF SAN JOSE ANNUAL BUDGET PROCESS



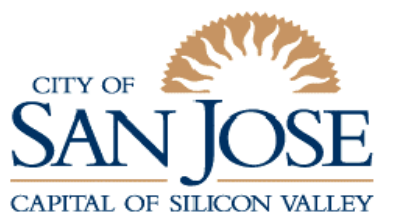
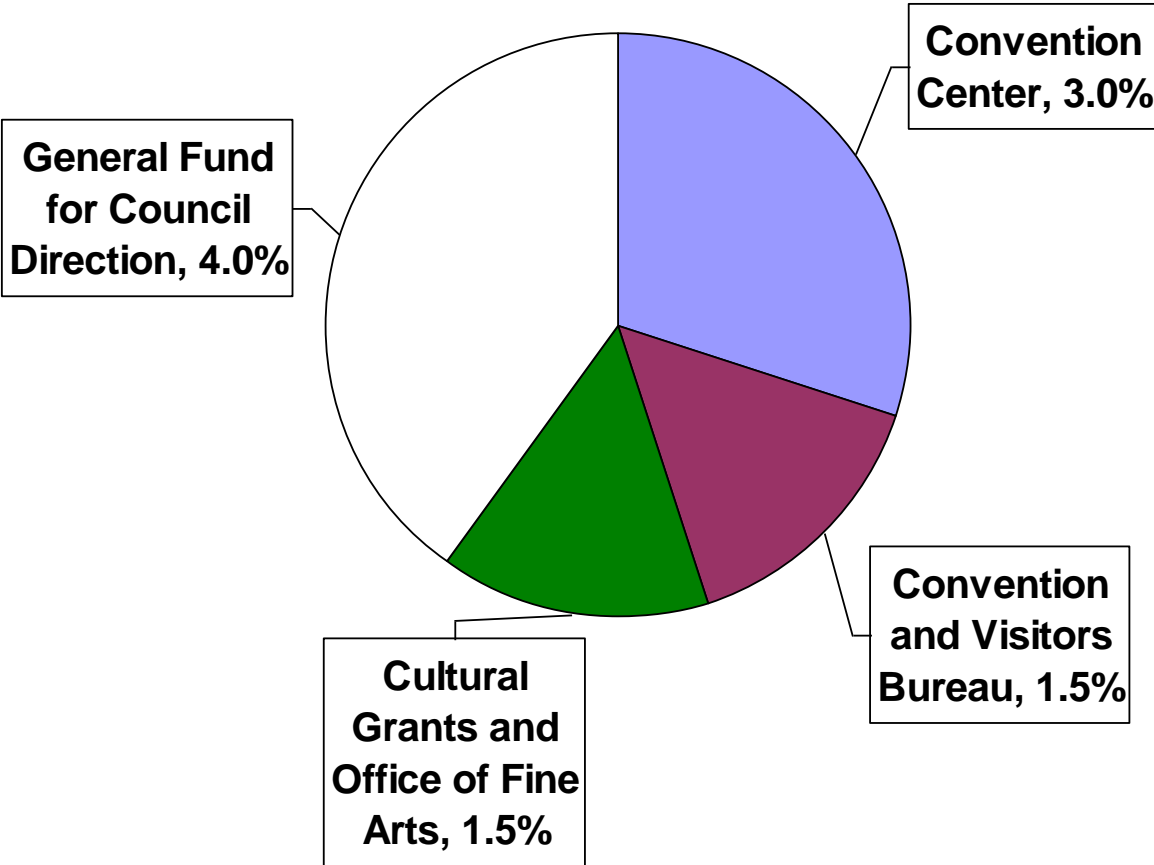
Final City Council Budget Adoption

Primary Municipal Funding Sources for Arts, Culture, & Cultural Facilities

- 1. 10% Transient Occupancy Tax (TOT) – of which OCA receives 15%**
 - Funds cultural programs, projects, public art maintenance & OCA admin
- 2. 1% for Public Art, sets aside 1% of eligible City CIP Projects (RWF exemption)**
 - Funds public art for designated capital projects
- 3. 10% TOT – of which 40% goes to General Fund**
 - Funds City-owned cultural facility capital repair/maintenance - \$400k annually
- 4. 10% TOT – of which 45% goes to Team San Jose**
 - Funds Team San Jose managed City-owned convention and cultural facilities (four theaters)
- 5. General Fund – City-Wide**
 - Funds 6 City-owned cultural facility O&M agreements with nonprofit partners

San Jose's 10% Transient Occupancy Tax

Does not include HBID 4% assessment



Special Funds

Airport Funds

Community Development Block Grant Fund

Housing Funds

Integrated Waste Mgmt Fund (Garbage Collection/Recycling)

Municipal Golf Course Fund

Municipal Water Fund

Parking Fund

Sanitary Sewer Funds

Storm Sewer Funds

Transient Occupancy Tax (incl Convention and Cultural Affairs)

Waste Water Treatment Plant Funds

Workforce Investment Act Fund

Capital Programs

Community and Economic Development

- ▶ Developer Assisted Projects

Environmental & Utility Services

- ▶ Sanitary Sewer System
- ▶ Storm Sewer System
- ▶ Water Pollution Control Plant
- ▶ Water Utility System

Neighborhood Services

- ▶ Library
- ▶ Parks & Community Facilities

Public Art

Public Safety

- Public Safety

Transportation and Aviation Services

- Airport
- Parking
- Traffic

Strategic Support

- Communications
- Municipal Improvements
- Service Yards

Per Ordinance: How Arts TOT Can Be Spent

Section 4.72.060.2 Use of TOT Tax Revenue:

“Funding of the cultural grant program and fine arts division programs, including:

- a) **Funding of cultural grants**, including the San Jose Symphony and the San Jose Museum of Art, and a rental subsidy for cultural use of city facilities, and
- b) **Funding the expenses of the fine arts division** of the convention and cultural department, including but not limited to personal, nonpersonal, and equipment expenses, fringe benefits, and overhead.”

Upcoming Key Budget Council Activities

March

- Mayor's March Budget Message Released
- City Council Final Review and Approval of Mayor's March Budget Message

April/May

- Proposed Capital/Operating Budgets and Fees & Charges Released
- City Council Budget Study Sessions and Initial Budget Public Hearing
- Council Budget Document Proposals due to Mayor's Office (includes Arts/Culture Grants)
- City Manager's Budget Addenda released

June

- Mayor's June Budget Message Released
- Final Public Hearing
- Council Reviews Mayor's June Budget Message and Final Review of Budgets
- Council Approves Capital/Operating Budgets and Fees & Charges

Arts Commission - Budget Calendar

February

- ▶ City Budget Process Overview
- ▶ Review funding levels for Cultural Funding Portfolio (grants)

March

- ▶ City Budget Update

April

- ▶ City Budget Update

May

- ▶ Review TOT appropriations for Cultural Development Programs & Projects, including grant awards
- ▶ May/June: Review Public Art CIP Plan

June

- ▶ City Budget Update

Additional Resources

- ▶ City of San Jose Budget Office
 - ▶ <https://www.sanjoseca.gov/your-government/departments/city-manager-s-budget-office> – Budget calendar, links to adopted budget, all budget documents since FY 11-12, archives, reports, guides to funds, etc
- ▶ Office of Cultural Affairs www.sanjoseculture.org
 - ▶ Arts Commission Orientation Online Binder – Arts Funding Page
<https://www.sanjoseca.gov/your-government/departments/office-of-cultural-affairs/arts-commission-committees/arts-commission/arts-commission-orientation-binder/arts-funding>

Special Funds Recommended Budget Adjustments Summary 2020-2021 Mid-Year Budget Review

Transient Occupancy Tax Fund (461)

| <u>Action</u> | <u>Department</u> | <u>Positions</u> | <u>Use</u> | <u>Source</u> |
|--|---|------------------|------------|---------------|
| Licenses and Permits (Cultural Events) | City Manager - Office of Economic Development | | | (\$24,345) |
| <p>This action decreases the revenue estimate for Licenses and Permits by \$24,345, from \$30,000 to \$5,655. Due to the impacts of the COVID-19 pandemic and associated public health orders, the projected number of permitted events has decreased drastically. A corresponding decrease to the Ending Fund Balance is recommended in this report to offset this action.</p> | | | | |
| Transient Occupancy Tax | City Manager - Office of Economic Development | | | (\$5,200,000) |
| <p>This action decreases the estimate for Transient Occupancy Tax by \$5.2 million, from \$13.5 million to \$8.3 million, to reflect the continuing impacts of COVID-19 and suppressed hotel activity. This forecast revision better aligns with year-to-date performance and the adjusted outlook for the remainder of 2020-2021. This revenue loss is partially offset with Ending Fund Balance (\$500,000) in the Transient Occupancy Tax Fund and corresponding reductions to the following appropriations, consistent with the Municipal Code: Cultural Grants (25%; \$1,175,000), San José Convention and Visitors Bureau (25%; \$1,175,000), and the Transfer to the Convention and Cultural Affairs Fund (50%; \$2,350,000).</p> | | | | |

Mid Year Adjustment for FY 20-21

Cultural Grants

City Manager - Office of
Economic Development

(\$1,175,000)

This action decreases the Cultural Grants appropriation by \$1,175,000, from \$4.1 million to \$2.9 million, in accordance with allocations (25%) specified by the Municipal Code and a net downward adjustment to projected Transient Occupancy Tax Fund availability totaling \$5.2 million. Corresponding re-balancing adjustments to the San José Convention and Visitors Bureau appropriation, Transfer to the Convention and Cultural Affairs Fund, and Ending Fund Balance are recommended elsewhere in this report.

San José Convention and Visitors Bureau

City Manager - Office of
Economic Development

(\$1,175,000)

This action decreases the San José Convention and Visitors Bureau appropriation by \$1,175,000, from \$3.7 million to \$2.5 million, in accordance with allocations (25%) specified by the Municipal Code and a net downward adjustment to projected Transient Occupancy Tax Fund availability totaling \$5.2 million. Corresponding re-balancing adjustments to the Cultural Grants appropriation, Transfer to the Convention and Cultural Affairs Fund, and Ending Fund Balance are recommended elsewhere in this report.

Discussion