

SILICON VALLEY'S AIRPORT



Airport Commission Study Session

January 26, 2022

Agenda



- 1. Call to Order & Orders of the Day**
2. Business
3. Public Comments
4. Adjournment

What is a Study Session?



- Purpose of a study session is to hold an in-depth conversation about a topic to learn much more about the issue.
- Brings experts to the table to provide information to have an informed conversation.
- No votes during a Study Session.

SILICON VALLEY'S AIRPORT



Electronic Billboards

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

How did we get here?



- Details from the Mayor's Run Through on Nov 29
 - 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
 - Clear Channel was approved for the development and operation of an electronic billboard under the guidelines outlined in Council Policy 6-4
 - February 25, 2021
 - Council vote to go forward with City owned sites (vote was 11-0)
 - July/August 2021, Opened to Public Comments on the Environmental, voluntary effort not required by CEQA
 - August 9, 2021, Airport Commission reviewed the details of the project and were invited to provide comments and questions as part of the EIR process

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.

Council Policy 6-4



- Shared details on Council Policy 6-4 previously
- This item was not an Airport item and was advanced by the Office of Economic Development (OED) and the Council Committee on Community and Economic Development
- OED brought this item to the Planning Commission, County's Airport Land Use Commission, Committee on Community and Economic Development, and ultimately to the City Council
- Citywide initiatives are not under the scope of the Airport. Managed by the subject matter expert or City Manager's Office

- Council Policy 6-4 states that the Airport projects are environmentally cleared and are not subject to the RFP elements discussed in the Council Policy.
- 2nd Amendment (Approved by Council)
 - 3.3.4.7 includes Options for additional marketing opportunities.
- The Director has the authority to approve new advertising site plans and to execute these on behalf of the City

Original RFP Included Exterior Items



- Council Approved Clear Channel Agreement included:
 - A digital LED sign near Guadalupe Freeway
 - Exterior Banners and Advertising Sites
 - Additional Marketing Income Opportunities outside of the existing program
- Additional marketing income opportunities approved under the Agreement:
 - Superbowl 50 exterior and interior sites
 - College playoffs
 - Alaska Airlines exterior wrap on the Terminal A Garage
 - Tesla Display

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)
- Caltrans requires 2 billboards to be removed along the freeways in California to receive a landscape permit through Caltrans

Take Down Provisions (part 2)



- This compromise represents a win for San José residents (removes 8 billboards in San José)
 - Takes down has the potential to remove billboards in residential locations
 - Removes from incompatible locations
 - Voluntary agreement from Clear Channel, as this wasn't a required term in Council Policy 6-4 for this project
 - Airport billboards
 - Don't face residential locations
 - Is not in an incompatible location as there are already has nearly identical billboards north of De La Cruz
 - Follows rules based on the guidelines from the International Dark-Sky Association, including being turned off between midnight and 6am

Dark Sky Considerations



- Lick Observatory provided feedback and input into the creation of Council Policy 6-4, which 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” *
- These requirements are included in this project

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
 - Sign would use backlighting which reduces the brightness when compared with conventional billboard lighting.
 - Automatic dimming using photoelectric sensors

- Statement from Mark Gleason from Teamsters Local 853
 - Supports this project
 - Represents the workers of Clear Channel
 - Many members are residents of San José
 - Members and their families depend on jobs that Clear Channel provides
 - Project has been vetted, reviewed, and awarded
 - Please consider the workers involved in this project and their families and support the project

Business Case – Revenue Sharing

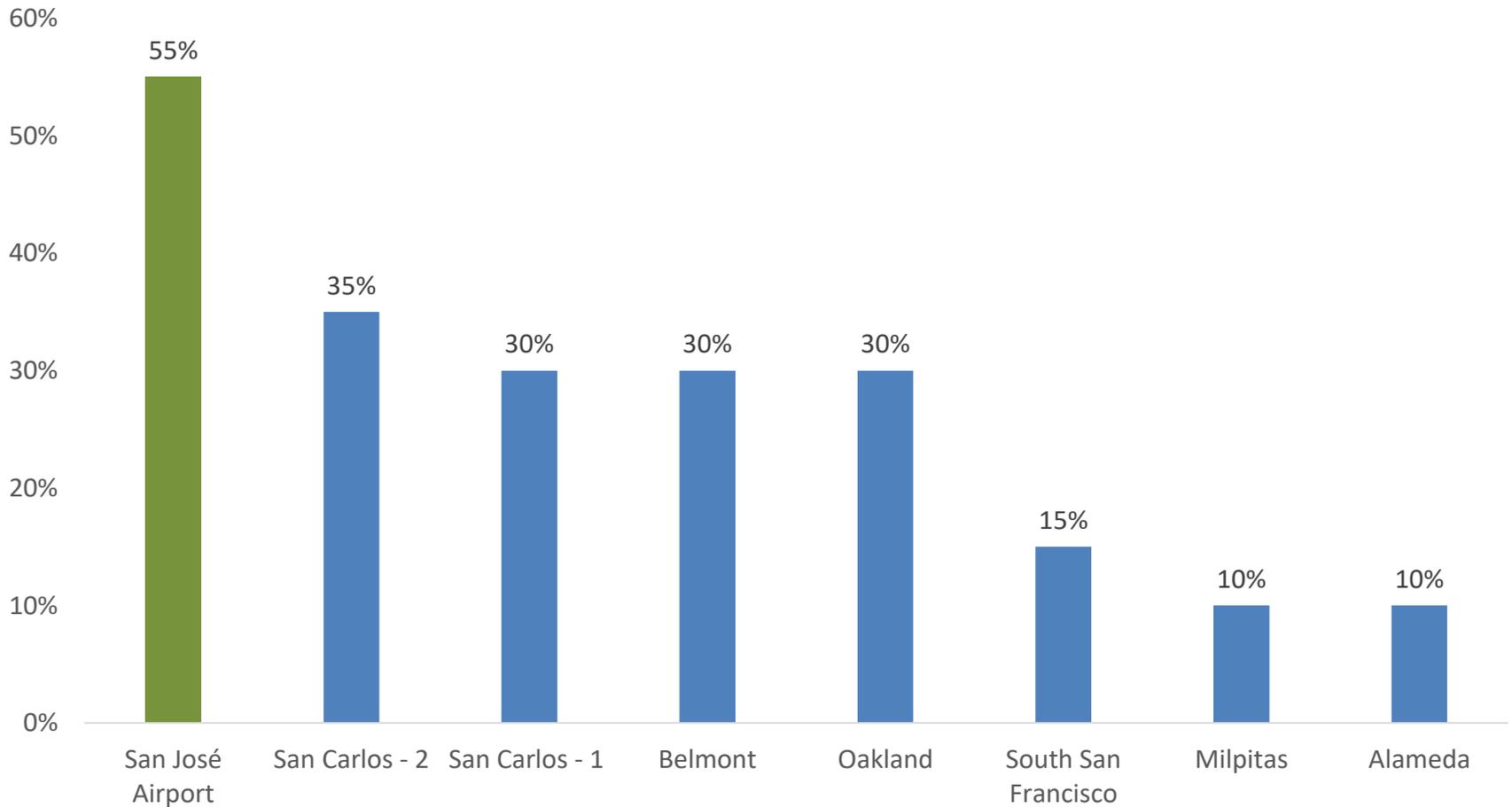


- **Revenue sharing is 55%**
 - New RFP will likely yield less
- When Clear Channel first started the conversation, they wanted revenue sharing to be 30-40%, but had to agree to the higher amount because of the agreement we already had in place
 - Comps for billboard revenue sharing at other airports:
 - 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 – Revenue to Airport

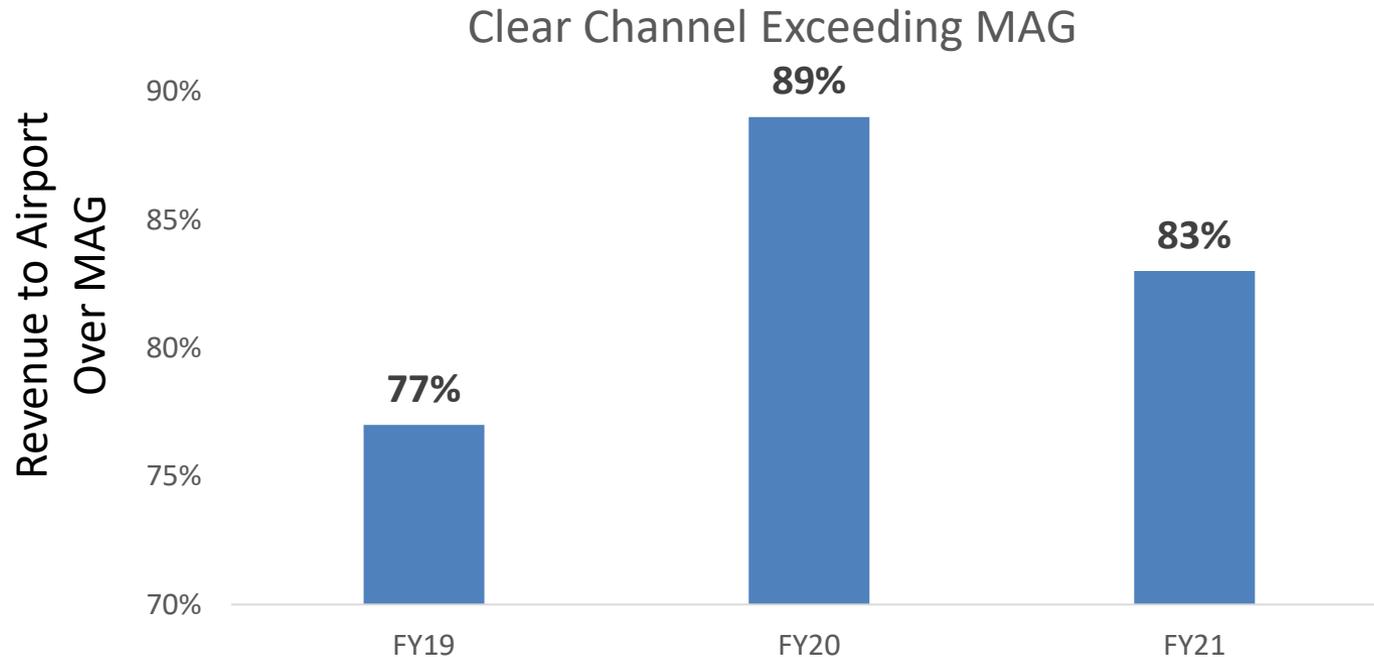
- Minimum Annual Guarantee: \$490,000 or ~\$2.5 million over the term of the project
- Revenue per sq ft = \$3,141 s/f
 - Ground rent rate = \$3.25 s/f
- Of the 16 Concessionaires* at the airport only 4 of them pay more than \$490,000/year to the Airport
 - 2 Food and Beverage
 - Retail
 - Security/Alclear

* Excludes Clear Channel

Business Case – Highly Profitable



- In FY21, Clear Channel brought in more revenue to the Airport than F&B and Retail **COMBINED**



Business Case – Highly Profitable



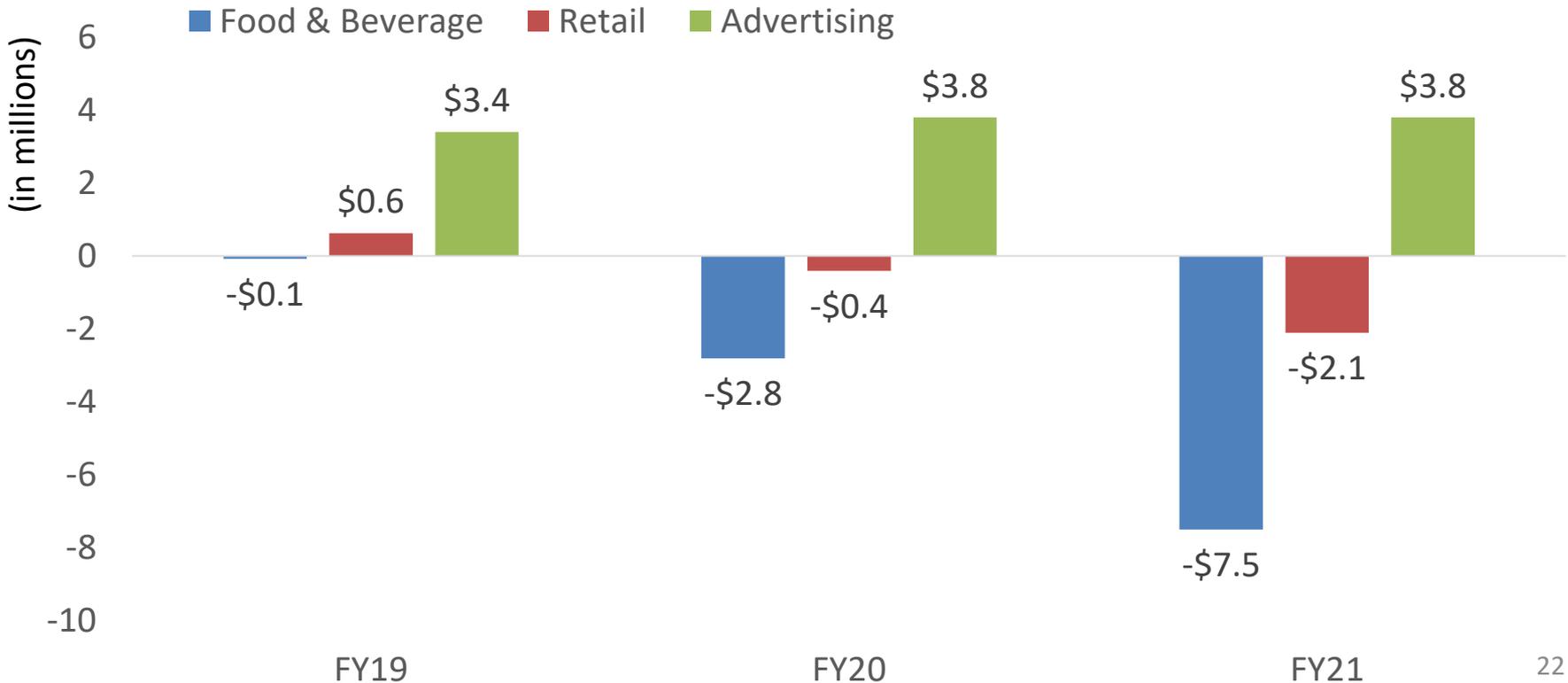
- If the billboard project exceeded MAG in the same way as FY19 – FY21, the average revenue to the Airport would be:
 - \$900,000 / year
 - \$4.5m over the term of the project
- Diversifies the revenue streams for the Airport.
 - During the pandemic, when revenue from flight operations and other concessions dried up, advertising revenue remained

Business Case – Highly Profitable



Once up and running very little maintenance or staff time to manage

Profitability of Activity to the Airport
F&B vs Retail vs Advertising



Business Case – other ideas



- Solar Panels
 - Too little ground space
 - Would earn under \$200/year*
- Additional Parking
 - Too little ground space
 - Under \$10k/year*

- What \$2.5 million could help fund at the Airport:
 - Matching grants for
 - Airfield ramp expansions and aircraft parking
 - Runway incursion mitigation work
 - To support preparatory work for:
 - On onsite airport hotel
 - A new belly freight facility
 - Other enabling projects to prepare for the new Terminal C
 - ADA enhancements for parts of the Parking & Roadway project

Business Case - Advertising



- Free advertising for San José Airport
- Airport gets 10% of the time on the billboard to promote SJC, reminding residents of all the direct destinations (current at about 40), which still includes 8 international locations (to Mexico and UK)
- San José Airport fell to 3rd ranked in the Bay Area by number of passengers
- November passenger count
 - 65% of pre-pandemic levels at SJC
 - 84% nationwide
 - San José Airport also ranks near the bottom as a percent of the recovery when compared with the top 50 airports

- Employs Caltrans and City of San José regulations to avoid/minimize the potential to distract drivers (page 20 of Response to Comments)
- Merge zones
 - The Airport has been working with VTA on a safety improvement project for the 101 De La Cruz interchange.
 - The project will improve traffic operations at the freeway interchange, relieve congestion in proximity to SJC, and enhance of safety for vehicles merging onto 101.

- Driver Visual Behavior Study
 - Federal Highway Administration, FHWA-HEP-16-036
 - Study used an instrument to track eye movement
- Findings:
 - “The published literature indicated that there was no consistent evidence showing a safety or distraction effect due to off-premise advertising.”
 - “Presence of [digital signs] did not appear to be related to a decrease in looking toward the road ahead”
 - “The results did not provide evidence indicating that [digital signs in this study]. . . were associated with unacceptably long glances away from the road”
 - “When billboards were present, the drivers in this study sometimes looked at them, but not such that overall attention to the forward roadway decreased”

Driver Attention (part 2)



- 2015 The Impact of Billboards on Driver Visual Behavior: A Systematic Literature Review
- Findings:
 - “Billboard-related distraction appeared to be minor and regulated by drivers as the demands of the driving task changed”
 - Some studies reported “active billboards seemed more likely than passive ones to attract long glances; however, there appeared to be substantial variability in this regard within both groups.” (multiple studies had no difference in active/passive)
 - Active billboards: animation, motion, video, and/or frequent changes.

- Trees
 - Clear Channel has agreed to a tree replacement policy, which includes up to 5 new trees to be planted for each tree removed for native trees and up to 4 new trees for non-native.
- Electricity
 - Clear Channel will be using electricity from San José Clean Energy which is 90% carbon free
 - The remaining 10% is unspecified sources from the grid through open-market transactions and may include carbon free sources
 - Airport has plans to transition over to San José Clean Energy's TotalGreen option, which is 100% renewable energy, within the term of this project.

Environmental (part 2)



- Effects of LED Billboards on Bird Flight Behavior (“less than significant”)
 - “South project site loses luminance (and visibility) above 18°, which suggests that coupled with a horizontal viewing angle of 40° the viewing angle of the sign will be narrow enough to preclude attracting migrating birds on clear nights”
 - “North project site ... are designed with horizontal shading louvers ... that reduce the available upward view angle, shading the LED lights which assists in preventing light from projecting upward into the sky. As a result, birds flying more than 18° ... will not be able to see light from the sign at all.”

Indemnification



- Clear Channel indemnifies the City and assumes all risk and responsibility
- Clear Channel required to maintain insurance at sufficient thresholds to protect the City
- Project indemnification is set by the City Attorney's Office and insurance requirements are set by the City's Risk Management Office, minimizing the risk to the City

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

- Spoke with Allison Nichol at the Epilepsy Foundation. Ms. Nichols 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 Jose

Office of Energy Efficiency & Renewable Energy

5 Common Myths about LED Street Lighting

JUNE 6, 2017

Myth: LED streetlights are more harmful to humans and animals than other kinds of streetlights.

“LED streetlights are no more harmful to humans and animals than other kinds of streetlights. The concern is not the type of light source, but the amount of emitted light that falls in the short-wavelength, often referred to as the “blue” part of the spectrum. And, unlike other types of streetlights, LED streetlights actually offer the potential to control the amount of short-wavelength light that they emit.”

“LED street lighting can play a critical role in avoiding unintended consequences to humans and wildlife – as long as care is taken to make sure the light is directed only where it is needed, with minimal glare, and that it emits a spectrum that supports visibility, safety, and health.”

What these signs are NOT



- These are not Time Square size signs
- These are not Las Vegas style signs
- These are not even Los Angeles signs
- No animation or movement.
- No excessively bright lights
(less light than a conventional billboard)
- **Goal:**
 - To have regulations in place that would prevent the overly bright and flashy signs ('bad' billboards).
 - To prevent excess light pollution.
 - To help the City retire other billboards, decreasing the number of billboards in the City

Goal: Fewer Billboards in SJ



- This project decreases the total number of billboards in San José
 - Net decrease of 6
(8 billboard sites removed for the 2 sites added)
 - Billboards to be removed from unsightly and/or incompatible locations
 - Billboards added are not in residential areas or otherwise incompatible locations

Goal: Decrease Light Pollution



- This project will decrease light pollution during the key hours of midnight to 6am
 - New billboards turn off at midnight (all signs)
 - When off, no light emissions
 - 8 billboards being removed, decreases lighting as these are removed
 - Dark Sky’s Guidelines state that a digital conversion “has the potential to result in no net increase or even a net reduction in light pollution” when including their recommendations.

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Public Comments (Not on Agenda)



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SILICON VALLEY'S AIRPORT



Airport Commission Special Meeting

January 5, 2022

Agenda



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