

Freeway Sign Recommendations

Authorize the Agency Executive Director to Negotiate Agreements with CBS Outdoor and Milpitas Automotive Group for Three Electronic Freeway Signs, and with McCarthy Ranch and Clear Channel Outdoor for Three Electronic Freeway Signs and Return to Council for Approval of Agreements (Staff Contact: Diana Barnhart, 586-3059)

Background:

A Request for Proposals (RFP) for a new electronic freeway sign program was issued on July 11, 2008. A total of eight (8) responses were received, ranging from one to six freeway signs, with some including directional and electronic wayfinder signs.

In September 2008, the former Facilities Naming Subcommittee selected three firms, CBS Outdoor with the Milpitas Automotive Group, McCarthy Ranch with Clear Channel and Media Management Group to submit additional responses. The Subcommittee considered the responses at its November 19, 2008 meeting, but asked for a more “apple to apples” comparison of the three responses to clarify the significant differences in the responses.

At the February Economic Development Subcommittee meeting, staff recommended that exclusive negotiations with both Milpitas Automotive Group and McCarthy Ranch be undertaken with CBS Outdoor to develop one proposal for Milpitas area freeway signs. After presentations from all three proposers, the Subcommittee asked staff to work with both Milpitas Automotive Group and McCarthy Ranch to see if a better apple to apples comparison could be prepared for Subcommittee review and analysis. Over the following month, staff met with both McCarthy Ranch and Clear Channel and Milpitas Automotive representatives to clarify their proposals to assist in the staff review. As a result, staff came to the conclusion that an apple to apples comparison was not achievable since the two proposals were so different and both parties agreed. The staff report to the Economic Development Subcommittee is included in the Council report.

At its March meeting, the Economic Development Subcommittee recommended that both McCarthy Ranch with Clear Channel and Milpitas Automotive Group with CBS Outdoor be allowed to develop and operate three freeway signs each. The McCarthy signs would be located on McCarthy property and the Milpitas Automotive Group signs would be located on the Piercey Automotive site, the City’s I-880 freeway sign site and the existing freeway sign site on I-680.

Negotiation Points:

If the Council/Agency accepts the Subcommittee recommendation, staff recommends that the following deal points be included in the negotiations with the two groups:

- Up front Payment
- Guaranteed Annual Payments
- Percentage Payment
- Free advertising Space for the City of Milpitas

Other aspects of negotiation will include sign design, specific site locations, technology application, and length of contract and implementation schedule.

Staff will return to the Redevelopment Agency for final action on the completed negotiations and with agreements so that the freeway sign program can be implemented in the near future.

Fiscal Impact: There is no fiscal impact associated with this action.

Recommendation: Authorize the Agency Executive Director to negotiate agreements with CBS Outdoor and Milpitas Automotive Group for three electronic freeway signs, and with McCarthy Ranch and Clear Channel Outdoor for three electronic freeway signs and return to Council for approval of agreements