

Appendix B. City of Anaheim Case Study

I submit to you the City of Anaheim as a positive case study for how a city government should address the billboards issue. I break the case study into 2 parts.

1. The Economics of Billboards

On September 26, 2006, "Mayor Pringle recommended the RFI process and asked the City Attorney if billboard exchange agreements could be written in such a way as to be extremely limiting in its scope". [Ref B1]

The City received billboard exchange program proposals from Bulletin Displays, LLC/Vista Media; CBS Outdoor; and Clear Channel Outdoor. [Ref B2] Of significance to San Antonio, the Clear Channel proposal was:

- Proposed Exchange Rate: 5.3 30-sheet billboard faces for 1 freeway billboard
- SP&H Exchange Rate: 8-14 30-sheet billboard faces for 1 freeway billboard
- Existing billboards: 48 30-sheet billboard faces and 2 bulletin billboard faces (locations identified on map in proposal)
- Billboards to be removed: 48 30-sheet billboard faces (locations identified on map in proposal)
- Proposed billboards: 9 bulletin billboard faces including 1 digital billboard (locations identified on map in proposal)
- Other Incentives: None provided
- Time-limits for new billboards: Not indicated
- Billboard content policies:
 - Establishes exclusionary zones which prohibit advertisements of all products illegal for sale to minors that are intended to be read from, or with 500 feet of established places of worship, primary and secondary schools or playgrounds
 - Asserts the right to reject creative content that is misleading, sexually explicit, overly suggestive, or in any way reflects upon the character, integrity, or standing of any organization or individual

Note - SP&H stands for the Sanli Pastore & Hill consulting firm, which was hired by the Anaheim Planning Department for consultation. [Ref B3]

From "Responses to a Request for Information (RFI) for a Billboard Exchange Program", Planning Department, City of Anaheim, November 6, 2007 [Ref B4]:

"City Council also commissioned a billboard exchange analysis prepared by Sanli Pastore & Hill (SP&H). The SP&H study analyzed various economic factors associated with removing street-oriented billboards in exchange for constructing freeway-oriented billboards and provided staff with recommended exchange rates by which to analyze the exchange proposals. The report identified the following average annual advertising rates for a street-oriented billboard:

- \$3,600 for a 8-sheet (approximately 72 square foot) billboard
- \$32,400 for a 30-sheet (approximately 300 square foot) billboard
- \$120,000 for a bulletin (approximately 700-1200 square foot) billboard

The advertising rate for a freeway-oriented billboard ranged from approximately \$342,000 to \$360,000 per year."

Note - Given the context, this figure corresponds to a predominant mix of old style, passive highway signs.

So from a revenue standpoint, not all billboards of the same size are created equal. In descending order of importance, billboard revenues are based on traffic density (which translates to exposure rate), citizen demographics, competition, size, business cycle, and so forth. In Appendix C, I will use the above revenues to compute equivalent ones for San Antonio.

2. The Decision Making (Politics) of Billboards

I have previously written exhaustively about what I saw as a flawed decision making process in San Antonio. [Ref B5] From researching the economics of billboards, I have been struck by the observation that Anaheim did not suffer from these same problems.

- **Deliberations:**

Anaheim: From web sources, Anaheim held a workshop on billboards in December 2005, took up the issue again in council in April and September 2006, issued a RFI, commissioned an independent study, asked for clarification of RFI responses in September thru October of 2007, and made the final decision in November 2007. (Around 2 years)

San Antonio: New City Council members were elected in May & June 2007. From all appearances, their deal was struck by September 11, 2007, when the ordinance first saw the light of day at an Electrical Supervisory Board. (Around 2 months, given the one-month summer vacation.)

- **Citizen Inputs:**

Anaheim: Anaheim held workshops and town meetings dating back almost 2 years from the date of the final vote.

San Antonio: To my knowledge, the first the general public was exposed to the 'proposed' ordinance was at Electrical Supervisory Board in September 11, 2007. Opposition speakers may have had some impact with these board members since they made favorable additions to continue restrictions on non-compliant structures (covered by the Scenic and Urban Corridor Ordinances), but subsequently city staff and council boards, such as the Infrastructure Committee, reversed these gains. [Ref B8] By council meeting on December 6, 2007, I know of no one, not aligned with the billboard industry and particularly Clear Channel, that had any sense the citizen inputs were effective. (The ordinance had too much momentum.)

- **Economic Analysis:**

Anaheim: "City Council also commissioned a billboard exchange analysis prepared by Sanli Pastore & Hill (SP&H). The SP&H study analyzed various economic factors associated with removing street-oriented billboards in exchange for constructing freeway-oriented billboards and provided staff with recommended exchange rates by which to analyze the exchange proposals." [Ref B4]

San Antonio: In essence, City Council skipped the RFI step to arrive at their 'best deal,' but to be fair, a RFI would not unleash competitive forces for the public good in San Antonio, since Clear Channel has an almost monopolistic share (90%) of off-premise billboards. Given this limitation, what could have San Antonio done and can still do? Spark a competition of options. (See 'Conclusions' in the main section of this paper.)

- **Legislative Restraint:**

Anaheim: On November 6, 2007, the city planning department recommended rejection of the proposals received from its RFI because "they are either incomplete or do not demonstrate the level of community benefit necessary to warrant changes to the City's long-standing ban on new freeway-oriented billboards." [Ref B9] (Underlining added.)

San Antonio: In its December 6, 2007 vote, no observable weight was given by San Antonio city council to protect existing Scenic and Urban Corridor Ordinances.

- **Exchange Ratios:**

Anaheim: Clear Channel proposed an exchange ratio of 5.3 30-sheet street billboard faces for each freeway billboard face, with only 1 out of 9 new faces being digital.

San Antonio: On a comparative basis, City Council gave Clear Channel an exchange ratio of 5 30-sheet faces for each (freeway) billboard face, with every new face being digital!

- **Outcomes:**

Anaheim: On November 6, 2007, “City Council, by motion, reject the four RFI responses received on the basis that they are either incomplete or do not demonstrate the level of community benefit necessary to warrant changes to the City’s long-standing ban on new freeway-oriented billboards.” “City Attorney Jack White responded Council could direct staff to design a process that would allow for more concrete information to be considered and for any financial information to be solicited in such a way as to preserve its confidentiality and to also not reveal new billboard locations to the extent that revelation would be proprietary in nature.” [Ref B9]

San Antonio: On December 6, 2007, San Antonio City Council passed the ordinance. [Ref B10]

I hope San Antonio City Council can learn from the positive examples from Anaheim.

References

For safety, cut and paste addresses into your navigation bar.

B1. City Council Agenda, City of Anaheim, September 12, 2006:

http://www.anaheimplatinumtriangle.com/docs_agend/questys_pub/MG11771/AS11810/AS11813/AI13417/DO13428/1.DOC

B2. “Billboard Exchange Program, Summary of Proposals”, City of Anaheim:

http://www.anaheim.net/docs_agend/questys_pub/MG18947/AS18986/AS18990/AI19170/DO19184/DO_19184.PDF

B3. Sanli Pastore & Hill (SP&H) web page: <http://www.sphvalue.com/>

B4. “Responses to a Request for Information (RFI) for a Billboard Exchange Program”, Planning Department, City of Anaheim, November 6, 2007:

http://www.anaheim.net/docs_agend/questys_pub/MG18947/AS18986/AS18990/AI19170/DO19171/DO_19171.PDF

B5. “Why Clear Channel Won the Digital Billboard Vote”, Theodore C. Trakas, President, Vance Jackson Neighborhood, Inc., February 2, 2008

<http://www.vjni.org>

B6. City Council Agenda, City of Anaheim, September 26, 2006:

http://www.anaheim.net/docs_agend/questys_pub/MG11771/AS11810/AS11813/AI13418/DO13419/DO_13419.PDF

B7. “An Ordinance of the City of Anaheim Amending Title 4 and Title 18 of the Anaheim Municipal Code Relating to Billboards”, October 3, 2006”:

www.anaheim.net/docs_agend/questys_pub/MG11771/AS11810/AS11813/AI13418/DO13420/DO_13420.PDF

B8. Infrastructure and Growth (Area of Oversight: Policies related to transportation, roads and sidewalks, infrastructure, VIA Metropolitan Transit, environmental quality, water delivery/SAWS, CPS Energy, and development codes.)

<http://www.sanantonio.gov/AgendaMeetings/Infrastructure.asp>

B9. Anaheim City Council, Regular Meeting of November 6, 2007

http://www.anaheim.net/docs_agend/questys_pub/MG18998/AS19037/AS19040/AI19567/DO19578/DO_19578.PDF

B10. City Council Minutes, City of San Antonio, December 6, 2007:

<http://www.sanantonio.gov/clerk/minutes/2007/20071206.pdf>