



Folsom City Council Staff Report

MEETING DATE:	5/13/2025
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11376 - A Resolution Authorizing the City Manager to Execute an Operational Agreement for Use of the Parcel 61 Electronic Readerboard Sign to be Located at the Southwest Corner of East Bidwell Street and Alder Creek Parkway
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to adopt Resolution No. 11376 – A Resolution Authorizing the City Manager to Execute an Operational Agreement for use of the Parcel 61 Electronic Readerboard Sign to be Located at the Southwest Corner of East Bidwell Street and Alder Creek Parkway.

BACKGROUND / ISSUE

On November 15, 2023, the Planning Commission recommended approval to the City Council of a request for approval of a Specific Plan Amendment to modify FPASP Table A.7 (Transportation, Communication, Infrastructure) in order to add “Electronic Readerboard Sign” as a conditionally permitted use in the Regional Commercial Planned Development District (SP-RC-PD). A condition of approval (Condition No. 7) placed on the aforementioned project required the owner/applicant to enter into an operation, maintenance, and advertising agreement (OA) with the City for the Parcel 61 Electronic Readerboard Sign prior to City Council consideration of the Folsom Plan Area Specific Plan (FPASP) Amendment for Electronic Readerboard Sign project.

Ultimately, the FPASP Amendment was approved by the City Council on January 9, 2024, without the approval of an OA (Resolution #11139). Condition No. 7 was not removed, however, and City staff and the applicant were directed to continue crafting an OA to bring back to the Council for consideration.

During development of the OA, the applicants also submitted a Conditional Use Permit application for the Electronic Readerboard Sign, which will be brought forward to the Planning Commission for consideration should the City Council authorize the City Manager to execute the proposed OA. Staff wishes to note that the preliminary design of the Electronic Readerboard Sign has been modified since it was shown to the City Council as part of the FPASP Specific Plan Amendment. The original preliminary design is included with this report as Attachment 3. The applicant stated that they have since learned that the original square design for the digital billboard does not fit standard billboard marketing materials and would be difficult to sell to potential advertisers. They will be proposing that the Planning Commission approve a rectangle design that is more standard for billboard marketing. The preliminary design package for the Digital Billboard Sign (Sign 'B' of the overall pylon sign package) is included with this report as Attachment 4 for reference.

The City, in conjunction with the Developer (Eagle Commercial Properties, LLC), has crafted an OA for use and operation of the Parcel 61 Electronic Readerboard Sign. The OA, which mirrors the operating agreement approved for the Palladio at Broadstone Electronic Readerboard Sign by the City Council in 2014 as well as the operating agreement approved for the electronic readerboard for the Folsom Lake Auto Mall, addresses advertisement scheduling, revenue sharing and payment, and third-party advertising content. In relation to advertising and scheduling, the Developer has agreed to allocate 10% of all display advertisements to the City of Folsom for public service messages. A sliding scale of between 50% and 40% of display advertisements will be reserved for Folsom Plan Area tenants and Folsom Plan Area event advertising, with the scale fluctuating depending on market conditions for Folsom Plan Area tenants, Folsom Plan Area events, and advertising sales. A sliding scale of between 40% and 50% of the display advertisements will be available for sale to, in order of priority, Folsom Based Businesses (defined in the OA as businesses located outside the Folsom Plan Area) and Folsom based events located outside the Folsom Plan Area and Third-Party Advertisers (defined in the OA as advertisers for businesses or events located outside Folsom). These percentages use a sliding scale that is dependent on market conditions for Folsom Plan Area tenants, Folsom Plan Area events, and advertising sales. For example, if 47% of advertisements are for Folsom Plan Area tenants and events then 53% can be for advertisements of events and businesses in Folsom outside of the Folsom Plan Area as well as for Third-Party Advertisers. The remaining 10% would be for City of Folsom public service messages and amber alerts. These ad scheduling percentages are identical to those contained in the two existing electronic readerboard sign agreements in the City.

With respect to revenue sharing and payment, the Developer has agreed to contribute ten percent (10%) of the net revenue from the sale of advertising time on the Parcel 61 Electronic Readerboard Sign to the City. Net revenue is the gross advertising receipts for Folsom Based Businesses, Folsom based events located outside the Folsom Plan Area, and Third Party Advertisers, less advertising sales commissions, programming fees, and maintenance fees charged to the Developer for the operation of the Sign and any expenses incurred by the Developer in the direct marketing of advertising time to Folsom Based Businesses, Folsom based events located outside the Folsom Plan Area, and Third Party Advertisers in compliance with the

Agreement. It is important to note that the City will have the right to review all books and records kept by the Developer and any advertising agencies contracted by the Developer in connection with the operation and services performed under the operating agreement.

In terms of third-party advertising content (advertising content other than those for Folsom Plan Area Businesses, Folsom-Based Businesses, or City of Folsom public service messages), the Developer intends to focus on businesses complementary to the Folsom Plan Area's core business, such as retail brands, restaurants, shops, professional service providers, lending institutions, professional offices, and medical institutions. The Developer also agrees to focus on Folsom-based businesses wishing to advertise on the Parcel 61 Electronic Readerboard Sign, with advertisements featuring out-of-town businesses being infrequent enough to be considered incidental to the Folsom Plan Area's core business and to the total advertising time available for the Electronic Readerboard Sign. It is important to recognize that the Electronic Readerboard Sign is a private sign and the City does not dictate or control the advertising content. The Developer acknowledges that it controls the advertising content of the Electronic Readerboard Sign and further agrees not to advertise adult-related businesses or commercial cannabis-related products, as defined within the operating agreement.

ANALYSIS

As referenced earlier within this report, the Parcel 61 Electronic Readerboard Sign Operating Agreement is designed to mirror or copy all of the terms established for the Palladio at Broadstone Electronic Readerboard Sign Operating Agreement including advertising scheduling, revenue sharing and payment, and third-party advertising content. One of the key benefits to the City in terms of advertising scheduling is that ten percent (10%) of display advertisements will be allocated to the City for the purpose of providing public services messages. It should be noted that the Developer has agreed to display "Amber Alert" messages as requested by the City at any time of day or night at no cost to the City. Another important benefit to the City associated with advertising scheduling is that the display advertisements will be focused on Folsom Plan Area tenants and Folsom-based businesses. As the City competes with other surrounding cities to retain and attract quality businesses, the availability of display advertising will be helpful to Folsom businesses and the local economy. Based on the aforementioned consideration, staff is supportive of the advertising scheduling outlined in the operating agreement.

As mentioned previously within this report, the Developer has agreed to contribute ten percent (10%) of the net revenue from the sale of advertising time on the Parcel 61 Electronic Readerboard Sign to the City. As noted earlier, the City will have access to all documentation associated with the display advertising on either quarterly or semi-annual basis in order to confirm the net revenue figures. The obvious benefit to the City is that it will receive a continuous annual stream of income from the sale of display advertising on the Electronic Readerboard Sign. While the actual revenue figure is not known at this time, staff is projecting that the City will receive between \$15,000 and \$20,000 during the first full year of operation of the Electronic Readerboard Sign. Based on the aforementioned information, staff is in support of the revenue sharing and payment described in the operating agreement.

As described in the preceding section of this report, the Parcel 61 Electronic Readerboard Sign Operating Agreement addresses third-party advertising content. The most noteworthy aspect of the third-party advertising content is that the Developer is committed to focusing its efforts on businesses that correspond to the Folsom Plan Area core business including retail brands, restaurants, shops, professional service providers, lending institutions, professional offices, and medical institutions. The Developer has agreed to concentrate their efforts on Folsom-based businesses that might benefit from freeway-oriented display advertising. In addition, the Developer has agreed to the provision that advertising of adult-related business and/or products and cannabis will not be permitted on the Electronic Readerboard Sign. Based on the aforementioned factors, staff has determined that the operating agreement adequately addresses third-party advertising content.

FINANCIAL IMPACT

The Parcel 61 Electronic Readerboard Sign is expected to provide the City with approximately \$15,000 to \$20,000 in revenue on an annual basis. Although not directly quantifiable, there may be secondary economic benefits relative to increased property tax and sales tax associated with new business locating in the Folsom Plan Area partly because of the increased visibility and project identification the Electronic Readerboard Sign will provide.

ATTACHMENTS

1. Resolution No. 11376 - A Resolution Authorizing the City Manager to Execute an Operational Agreement for Use of the Parcel 61 Electronic Readerboard Sign to be Located at the Southwest Corner of East Bidwell Street and Alder Creek Parkway
2. Proposed Operating Agreement
3. Preliminary Electronic Readerboard Sign Design Package, Dated August 21, 2022
4. Preliminary Electronic Readerboard Sign Design Package, Dated April 4, 2025

Submitted,



PAM JOHNS
Community Development Director