



CITY COUNCIL AGENDA ITEM BRIEFING SHEET

Meeting Date: November 28, 2023	Department: Planning & Development Dept. City Attorney	Presented By: Toni Fisher Pat Chesser
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AGENDA ITEM:

Discussion/Action: to Authorize Use of Hotel Occupancy Tax funds for billboard advertising.

BACKGROUND:

It has been requested by Councilmember and Mayor Pro Tem, Lea Young, for Staff to suggest ways in which the City's Hotel Occupancy Tax funds ("HOT Tax") could practically and legally be put to good use.

Staff contacted Lamar Billboards to inquire about rental of the billboard sign situated on the southeast corner of the City Hall property. Its findings are below:

The best rate for rental of the sign is **\$31,680 per side**, for one year, billed in (13) 4-week intervals, and it includes the initial cost of \$480 for the artwork. Each time the City requests the artwork on the billboard to be changed, it would be at a charge of \$480.

As of Staff's inquiry in late October, the eastbound sign was available for an 11/11/23 contract start date, but since the previous sign is still displayed, it is obvious that the current contract has extended. The lease on the westbound sign expires on 2/11/23, with a priority for renewal.

Staff also inquired about the purchase of the sign. Although Lamar rarely sells their signs, Staff was approached with a the proposal of replacing the standard sign with one that is digital. This change would require a 25-year lease for the sign and sign permit to allow the conversion, but it would come with some perks for the City, such as discounted advertising costs, negotiable advertising revenue (tentatively, 10% in perpetuity for the 25-year term), and "branding of the pole", which lends itself to an opportunity for an impressive monument sign for the City without the digital display cost which, per Staff research, could easily cost over \$300,000 for this size.

Upon consultation with Pat Chesser, City Attorney, his response was that, "To fund the costs of the billboard with Hotel Occupancy Tax funds would depend on the purpose of the sign." and he requested to address Council on the use of HOT funds, and a look at using these funds for the billboard.

STAFF RECOMMENDATION:

Staff recommend authorization of use of HOT funds for billboard advertising.

EXHIBITS:

- Lamar Contract #4357038

RECOMMENDED MOTION:

Approval to authorize use of Hotel Occupancy Tax funds for billboard advertising.