



**City of Newport
City Council Minutes
January 3, 2013**

1. CALL TO ORDER

Mayor Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

At this time Admin. Anderson administered the Oath of Office to Mayor Tim Geraghty, Councilman Tom Ingemann and Councilman Bill Sumner.

3. ROLL CALL -

Council Present – Tim Geraghty, Tom Ingemann, Bill Sumner, Tracy Rahm, Steven Gallagher

Council Absent –

Staff Present – Brian Anderson, City Administrator; Bruce Hanson, Supt. of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney; Jim Stremel, City Engineer;

Staff Absent –

4. ADOPT AGENDA

Motion by Gallagher, seconded by Rahm, to adopt the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.

5. ADOPT CONSENT AGENDA

Motion by Sumner, seconded by Ingemann, to approve the Consent Agenda as presented, which includes the following items:

A. List of Bills in the Amount of \$28,440.82

B. Kennel License for Linda Ratay

With 5 Ayes, 0 Nays, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

Virgil Voller, 1685 Kolff Street – Mr. Voller was present to discuss several concerns he has including the Police Department, Fire Department, and Public Works Department.

7. MAYOR'S REPORT –

Mayor Geraghty – We are having a workshop following the meeting tonight to discuss the street reconstruction projects.

8. COUNCIL REPORTS –

Councilman Rahm – The only report I have is I would like to include in the official minutes the proposal I have for the electronic billboards. We have some people lined up to come in and talk with us about electronic billboards at an EDA meeting. We have one set up for the January 17, 2013 EDA meeting.

Councilman Ingemann – Nothing to report

Councilman Sumner – Nothing to report

Councilman Gallagher – Nothing to report

9. ADMINISTRATOR'S REPORT –

A. Resolution No. 2013-1 – Approving a Variance for 627 6th Avenue

Sherri Buss, TKDA Planner, presented on this item as outlined in the January 3, 2013 City Council packet.

The Applicant, Accessibility Options, Inc. is requesting a variance on behalf of Philip Frank, the property owner. The variance would allow for construction of a wheel chair ramp to serve a grandchild who lives at the home at 627 6th Avenue North. The property is approximately .16 acres in size, and is located in the R-1 Low Density Single-Family Residential District. The first condition stating that they need a building permit is no longer needed as the ramp is low enough to the ground and does not need a building permit per the Code. The Planning Commission approved a resolution recommending the City Council approve the variance at its December 13, 2012 meeting. The Planning Commission added a condition requiring Accessibility Options Inc to pay any penalties. The Planning Commission also wanted to express concern that Accessibility Options had risked getting the variance for the client by building the ramp prior to obtaining the variance.

Councilman Sumner – When was the ramp constructed?

Executive Analyst Helm – It was prior to sending out the December Planning Commission packet so it would have been the end of November or beginning of December.

Councilman Gallagher – Is there anyone here from Accessibility Options?

Executive Analyst Helm – No.

Councilman Sumner – Was there an explanation of why they went ahead and did it such as the weather?

Ms. Buss – They never gave a rationale for it. The first time they called for it, they tried to tell me that in most cities he was not required to get a variance and he hoped the City would look the other way. I said that we can't do that and need to go through the process. I don't know if it related to winter or what.

Councilman Sumner – Mr. Attorney, ramps would have slightly different context in regards to their approval process right?

Attorney Knaak – What you have is a built-in provision from the ADA which gives you an immediate reason for approving a variance under the circumstances. It tends to be a very unique set of circumstances and if you deny it you could raise issues. That doesn't prevent you from imposing reasonable conditions. When you're dealing with something like this for a practical matter you pretty much have to allow it.

Councilman Ingemann – But we can also charge a higher rate since it was built prior to obtaining a variance correct?

Attorney Knaak – Yes, in other words somebody does need to go through the application and proper channels to obtain a variance, they don't get a free pass.

Councilman Gallagher – Brian, can you update us with how much the penalty fee would be?

Executive Analyst Helm – The fee would be double the variance fee, which is \$300. They would need to pay another \$300.

Councilman Sumner – Did they indicate that would be a hardship?

Executive Analyst Helm – It would be from the applicant.

Councilman Gallagher – What if they don't pay?

Attorney Knaak – Technically, you can require them to take it down and rebuild it. I don't see that as a practical matter. You could sue them or go after the license.

Councilman Gallagher – We would have approved this but they didn't follow the procedure and businesses building in Newport do have to go through the proper channels.

Mayor Geraghty – Is it typical for the contractor to apply for the variance?

Attorney Knaak – Theoretically it's the property owner but it's typically the contractor.

Mayor Geraghty – They will eventually go back to the property owner for the fees.

Attorney Knaak – They will presumably have to do business again with the City and they wouldn't want to create problems with the City.

Mayor Geraghty – But we don't have any recourse with the property itself?

Attorney Knaak – Ultimately it could go on to the property.

Councilman Sumner – I would oppose putting any burden on the property owner.

Councilman Ingemann – But the bill is going to the contractor.

Ms. Buss – You could also send a letter to the family to make them aware of it.

Councilman Gallagher – I'll make a motion and request that Renee write a letter to the homeowner.

Councilman Sumner – I oppose leveling any fines.

Councilman Gallagher – The fine would go to the company.

Motion by Gallagher, seconded by Ingemann to approve Resolution No. 2013-1 approving a variance for 627 6th Avenue. With 4 Ayes, 1 Nay, the motion carried.

B. Ordinance No. 2013-1 – Amending Chapter 7, General Regulations and Offenses

Executive Analyst Helm presented on this item as outlined in the January 3, 2013 City Council packet.

Councilman Rahm – When we first did the deer hunting ordinance, it was because we had a population problem and there were certain types of ecological damage that they were doing to properties and plants. Do the turkeys impose the same threat?

Councilman Gallagher – No, but they can be aggressive.

Mayor Geraghty – Have they bothered any people?

Chief Montgomery – Not lately. I recall a couple years ago a turkey chasing a child.

Admin. Anderson – The people that do call complain about the amount of damage that turkeys are doing to their lawn because they do scratch at lawns.

Councilman Sumner – My concern is that they're hunted differently in regards to where the arrow goes. With deer you

shoot down and with turkeys you're shooting parallel to the ground. I would be opposed to this.

Councilman Gallagher – I don't see a need for this. Does this ordinance need a public hearing?

Executive Analyst Helm - No

Motion by Geraghty, seconded by Ingemann approved Ordinance No. 2013-1 amending Chapter 7, General Regulations and Offenses. With 2 Ayes, 3 Nays, the motion failed.

C. Approve Annual Appointments for 2013

Mayor Geraghty – I think the Wakota Bridge Coalition can be removed as it's no longer needed.

Councilman Gallagher – And we still don't have someone on the Resource Recovery board?

Mayor Geraghty – I think we need to research that legally. I'd recommend we keep that. I would like to be re-appointed to the Bailey School Forest Committee and remove Tom Aguilar-Downing.

Councilman Gallagher – Can we have that as a Council Liaison position?

Mayor Geraghty – I was a voting member.

Councilman Gallagher – It's a governance committee for the forest itself so we can't just add a Council Liaison?

Mayor Geraghty – No, it's a charter membership.

Councilman Rahm – Why is it indefinite?

Mayor Geraghty – The agreement doesn't have an end date. Bill, would you be interested in being the HPC Council Liaison?

Councilman Sumner – I would take that.

Councilman Gallagher – I think it would be nice to have the Parks Board recommend who they would like on the Governance Committee.

Mayor Geraghty – We already have two Park Board members on there. If they want to come up next year they can do that.

Councilman Sumner – What about 1-16? I wanted to correct the City Engineer's name, it's MSA instead of BDM. The memo states that it's anticipated the Planner's fee will increase by 2%, why is that?

Admin. Anderson – They haven't made a final decision yet, they expect it to go up due to insurance rates for 2013. When she is here, it's a flat rate no matter how long she is here, it's a good deal.

Councilman Sumner – So that would go up 2%?

Admin. Anderson – Yes. I have received compliments from the Planning Commission that they enjoy working with her.

Councilman Sumner – I was looking at the fact that the unions and staff accepted a flat salary for the year and I would suggest she do that as well.

Admin. Anderson – I can suggest that to her.

Mayor Geraghty – I see that Steve and Christine are done with the Pioneer Day Committee.

Admin. Anderson – Yes. This last year it was staff working with you and Arnie and Mary.

Councilman Rahm – Do we have somewhere that the Bulletin is our official newspaper?

Executive Analyst Helm – Yes, #2.

Motion by Geraghty, seconded by Sumner, to approve the 2013 Annual Appointments as amended. With 5 Ayes, 0 Nays, the motion carried.

10. ATTORNEY’S REPORT –

Attorney Knaak – You have before you the prosecution report. The resolution percentage is higher which is good. Our numbers for the month were down.

11. POLICE CHIEF’S REPORT –

Chief Montgomery – I have a couple of updates in regards to staff. Officer Crist is done with his field training and is running solo. Officer Freemyer started as investigator on January 1. I’m starting to look for the new Code Officer for 2013.

Councilman Sumner – CSO will be 50%?

Chief Montgomery – I believe it’s budgeted for 20 hours per week.

Councilman Gallagher – Can you show us what you had last year with your next activity report?

Chief Montgomery – Yes, I’ll have the annual report in February.

12. FIRE CHIEF’S REPORT – Nothing to report

13. ENGINEER’S REPORT – Nothing to report

14. SUPERINTENDENT OF PUBLIC WORKS REPORT –

Superintendent Hanson – The rinks are open.

15. NEW/OLD BUSINESS

Councilman Ingemann – I have something. A question was asked before the holidays whether or not the library would be open, the Administrator said that it would closed on the holidays. Now when you make a decision, do you like when your decisions are overridden? What is the next administrator going to think when he makes a decision and someone goes crying to the Mayor or Council because we’re not keeping the library open on holidays and they go ahead and open it anyway. I always thought that whoever works for the City is an employee of the City, the library is a building that the City owns, and henceforth the employee should listen to the Administrator who is his supervisor. And here we went and you guys went and opened up the library and overrode the Administrator. What’s going to happen when the next administrator comes in, you guys pretty much castrated his administrative decision-making ability. I think that totally sucks.

Mayor Geraghty – Quiet down. I did ask Brian to put this on the next Council meeting so that we can have a discussion about it with Mike and the volunteers. I did make a decision to open the library on New Year’s Day since it was advertised in the Bulletin that it would be. I don’t know how it got in there but it was. I checked with Fritz and he said there is no issue if he waives his rights to compensation. We encourage the use of the Community Center and Library. I don’t consider it babysitting. I encourage you to vote the motion down because I think we should here from both sides.

Councilman Ingemann – Alright. All public holidays are closed on national holidays, you can’t find a public building open on national buildings anywhere.

Councilman Rahm – I think there are rules that we have closures but we should think about the fact that some cultures don't have the same holidays that are recognized nationally but when we make a policy stating which holidays the library should be closed then it should be closed.

Mayor Geraghty – What if someone comes and asks to use the Library or Community Center on New Year's Day?

Councilman Ingemann – They should have rented it out prior.

Councilman Gallagher – I can see both points to this.

Councilman Ingemann – You pretty much cut the knees off of the Administrator because they're going to find out that no matter what decision they make it's negated.

Mayor Geraghty – We still run the City.

Motion by Ingemann, seconded by Gallagher to establish a policy that all non-emergency functions of the City are closed on national holidays except the warming houses. With 2 Ayes, 3 Nays, the motion failed.

16. ADJOURNMENT

Motion by Rahm, seconded by Gallagher, to adjourn the regular Council Meeting at 6:13 P.M. With 5 Ayes, 0 Nays, the motion carried.

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm
Executive Analyst

November 25, 2012



Concept Proposal Newport Economic Development Authority



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Project "Golden Billboard"

Prepared by:

Tracy B. Rahm
Council Member
Newport City Council

I.	SUMMARY	3
II.	INTRODUCTION	4
III.	DIGITAL BILLBOARDS	5
IV.	OPPORTUNITY ANALYSIS.....	8
V.	PROPOSED SCOPE OF WORK	9
VI.	ALIGNMENT TO CITY GOALS/OBJECTIVES	9
VII.	ESTIMATED BUDGET	10
VIII.	ESTIMATED CONSTRUCTION TIMETABLE	10
IX.	ESTIMATED PAYBACK & ROI.....	11
X.	POSSIBLE BILLBOARD LOCATIONS	12
XI.	PROJECT MANAGEMENT	12
XII.	EVALUATION CRITERIA.....	13
XIII.	NEXT STEPS	13
XIV.	APPENDIX.....	13

I. Summary

This proposal recommends that Newport Economic Development Funds should be spent on a concept feasibility study for the economic viability of an Electronic Billboard to be erected along the I-494/US 61/10 highway interchange to provide the City of Newport with future advertising revenue *conservatively* estimated to total over *\$12 million* over 20 years and provide a return on investment (ROI) of over *900%*.

Changeable Electronic Variable Message Signs (CEVMS), the official name for electronic billboards, are a maturing technology with only limited market penetration in the Twin Cities region compared to other major metropolitan areas. Newport’s prime location as a transportation hub located at the Wacota Bridge Mississippi river crossing, with over 90,000 vehicles a day in passing traffic, gives it a compelling strategic advantage for the location of digital signage and adaptive advertising media.

This proposal is to economically evaluate the construction, operational costs and associated revenue stream produced by an outdoor digital electronic billboard that is wholly-owned by the City of Newport, but its daily operation and maintenance are outsourced to an experienced company in the billboard management industry.



The main benefit of a successful initiative is to secure additional sources of city revenue that is not dependent on property taxation or fees and would enable the city regular display time for periodic city announcements or emergency management communications. If approved by the Council for construction, it is estimated that it would take about a year to prepare a suitable site and construct an operational electronic billboard that could generate over *\$50,000* per month in free cash flow to the City of Newport.

II. Introduction

The Electronic Billboard and Digital Signage Market

Billboards are one of the oldest mass advertising mediums. The first standardized advertising posters appeared in Europe and the United State around the early 19th century and, not surprisingly, the medium has adapted over time. What was once a simple poster on the side of the road or a building became a freestanding, purpose-built billboard. Hand painting a sign on a building eventually became printed paper pasted on a board that could be periodically changed for rent. Original paper and paste has already given way to complex computer-generated images on exotic plastic substrates. Today, the next generation of billboards are now going digital.



These new electronic billboards allow advertisers and communities to communicate and target specific messages with dynamic content, not unlike internet advertising. These dynamic electronic signs currently represent a small fraction of the total number of installed billboards in the United States. However, the communities which have erected digital billboards have come to rely on them for increasing operational revenue streams and keeping property taxes as low as possible.

Many small business owners and large corporations turn to them as an affordable way to reach a large audience of diverse customers with a dynamic message. Public safety organizations rely on them to help bring fugitives to justice and provide emergency information. The news media use them to give up to the minute news and information to an increasingly mobile audience. The uses for this new technology are as varied as the places the signs are located in to serve.

As with any new advertising technology, there are questions about how best to incorporate digital billboards into the existing body of regulations and aesthetic fabric of a geographic area. The following section gives only a brief and broad overview of how communities have answered those questions and why many states and hundreds of municipalities are welcoming digital billboards (and the revenue they generate) into their communities.

III. Digital Billboards

Regulatory Framework

Changeable Electronic Variable Message Signs (CEVMS), the official name for electronic billboards, are a heavily regulated technology. The federal government, state governments, and counties, cities, and towns all regulate outdoor signage advertising. To keep pace with new technology, the federal government has permitted roadside billboards (any off-premise signs) could use “changeable-message” technologies as long as these signs don’t scroll or flash.

On September 25, 2007⁽¹⁾, the Federal Highway Administration (FHWA) issued a regulatory guidance memo to the public safety divisions of the states:



“Proposed laws, regulations, and procedures that would allow CEVMS ... subject to acceptable criteria ... do not violate a prohibition against ‘intermittent’ or ‘flashing’ or ‘moving’ lights as those terms are used in the various FSAs (federal-state agreements) that have been entered into during the 1960s and 1970s.”

The 2007 memo gave states the green light to approve digital billboards, as long as there were appropriate regulatory controls in place. The memo went on to list suggested areas of control, including lighting, display time, and transition time (the amount of time it takes for one message to change to another message).

Most industry practices conform to federal guidance. FHWA recommends a minimum eight second display time, a suggestion mirrored by industry standards. Federal guidelines say digital billboards should “adjust brightness in response to changes in surrounding light levels so that the signs are not unreasonably bright.” Digital billboards are equipped with sensors to make sure the billboards are only as bright as necessary to be legible. Messages change instantaneously, avoiding transition effects. Many states and localities have provided additional regulations for the size and spacing of digital billboards and the Outdoor Advertising Association of America (OAAA) Code of Industry Principles includes clauses against animation and excessive lighting.

Traffic Safety Considerations

Traffic safety can be among the most contentious public questions raised about digital billboards. However, current official pronouncements from the National Highway Traffic Safety Administration (NHTSA) on modern digital billboards following established safety protocols has found them to be “safety neutral” and unrelated to traffic accidents. Specifically, studies commissioned by the Foundation for Outdoor Advertising Research and Education (FOARE) have considered digital billboards and driver distraction from two different angles.

One study was performed by the Virginia Tech Transportation Institute (VTTI), an independent academic traffic safety research institute used by government agencies and the private sector. Researchers analyzed the eye glances of drivers along with driving factors such as lane changes and speed. Randomly selected people drove a specially equipped car which monitored when

their eyes moved toward billboards and other objects in their field of vision. The study found the typical glance toward a digital billboard was less than one second. This finding is important, because a separate study released in April 2006⁽²⁾ by VTTI for the NHTSA identified a two second threshold for increased risk due to distraction: “Glances totaling more than two seconds for any purpose increase near-crash/crash risk by at least two times that of normal, baseline driving” and noted “... the typical glance toward a digital billboard is well under the threshold.”

Additional accident records reviewed by the NHTSA indicate digital billboards are not an increased traffic safety risk. Multiple comprehensive studies have been performed by Tantala Associates, a consulting engineering firm based in Philadelphia, which has performed analytical research



for various levels of government. Since 2007, researchers have examined years of accident data for highways and local streets in Cuyahoga County (Cleveland) OH, Rochester, MN, Albuquerque, NM, and Reading, PA. Each study reached the same conclusion: there is no correlation between digital or traditional billboards and traffic accidents.

These analyses looked at various view zones, or distances, from the digital billboards and other factors such as deer hits and weather conditions (known as “bias factors”). The studies accounted for differences between younger and older drivers and driving during the day and at night. No matter how the accident data were analyzed, the conclusion was the same: digital billboards do not increase accident rates.

Several states have also performed their own independent studies related to digital billboards, looking at accident data near digital billboards in comparison to traditional (static) billboards. Transportation officials in South Carolina, Virginia, and West Virginia reported digital billboards have not caused additional traffic safety problems. The Federal Highway Administration has noted there is “no scientific evidence” causing the government to believe digital billboards are unsafe or lead to increased accident rates. These studies remove the city from any potential traffic safety liabilities.

Public Perception

In 2008 and again in 2009⁽³⁾, Arbitron, a mass media research firm, sought to answer a relatively simple question: what does the public think about digital billboards? Arbitron researchers found most people are aware of electronic billboards and are positively inclined toward this new technology. The Arbitron studies focused on two metro areas (Cleveland, OH, and Los Angeles, CA) where digital billboards have operated for over five years. Through telephone surveys, researchers found “the vast majority of commuters (more than four out of five) feel digital billboards provide an important community service.”

More than seven out of ten people said digital billboards help the community with emergency information, and the majority said they were visually attractive. Cleveland City Councilman Joe Cimperman⁽⁴⁾ described the use of digital billboards as “modern and tech-savvy way of advertising that brings the city [of Cleveland] increasing revenues.”

Among younger demographics, digital billboards are even more popular. The Arbitron studies found high percentages of those 18-34 consider digital billboards highly attractive and are more likely to view them because of dynamic changing content, while a majority agreed digital billboards help the community by providing emergency information. More than three quarters of 18-34 year olds said digital billboards are a “cool way to advertise.”

Public Service

Among the most important users of digital billboards are law enforcement agencies. The FBI, the National Center for Missing and Exploited Children (NCMEC), the US Marshals Service, and county sheriff and local city police departments use digital billboards to help keep their communities safe.

Because digital billboards can be updated remotely and instantaneously, they are ideal for quickly pushing emergency information to the public. In 2008, NCMEC (which operates the national AMBER Alert system) signed an agreement with the outdoor advertising industry to display AMBER Alerts on digital billboards. Since then, hundreds of abducted children were displayed on digital billboards within minutes of the Alerts being issued. Almost all of those children were quickly reunited with their families.



The FBI uses digital billboards to generate leads that track down wanted fugitives and crack difficult cases. In August, 2010, agents activated digital billboards nationwide to identify and arrest a suspected serial bank robber who was wanted in a dozen states. Agents had been investigating the case for almost two years, yet it took just nine days to identify and arrest the bank robber after his image was displayed on digital billboards. The FBI credits digital billboards with generating the tip leading to the man’s arrest.

“If we have a crack at over a quarter-million people seeing that photo every day, then we have a very good chance at catching the person we’re after,” -Special Agent Sean Quinn, FBI-Newark

Typically, law enforcement agencies are given access to digital billboards for free. AMBER Alerts preempt paying advertisers and the outdoor advertising industry maintains a sophisticated computer network to keep track of lost advertising time while instantly notifying operators in every state with digital billboards of every new Alert at no cost to the government. The FBI

uses a similar system for wanted regional fugitives at no additional cost to taxpayers.



From the most recent statistics available from 2010, the FBI credits digital billboards with directly leading to 49 arrests. When state and local fugitives are added to that total, the number is even higher. Many law enforcement officials now agree that digital billboards can assist in criminal apprehension and make communities safer.

IV. Opportunity Analysis

Electronic Billboard Market Penetration

In August 2008 I.T. Strategies, a national IT media consulting firm, concluded that electronic billboards *did not appear* to be an imminent threat to traditional printed billboards. At that time there were a little more than 500 electronic billboards out of an estimated 450,000⁽⁵⁾ total billboards in the US. However since that report, the electronic billboard market has exploded in the US with installation growth rates in excess of 150 percent CAGR between 2006 and 2009⁽⁶⁾ with an estimated 3,600 digital billboards in place (2010). Even with such growth, this figure still only amounts to one half of one percent of total installed billboards.

As of 2011, 39 states allow electronic billboards and Minnesota is one of them. There are a few electronic billboards in the Twin Cities market; some of which are located nearby along the I-494 highway corridor in Oakdale and South St. Paul. Industry sources report that billboard construction costs are starting to drop significantly from nearly \$1 million in 2002 to \$200,000 to \$300,000 in 2010. However, total unit placements in 2011 slowed because the production capability of making these large electronic billboards has fallen behind demand and increasing regulation by municipalities in electronic billboard placement. I.T. Strategies now believes the 2011 slowdown is not reflective of the long-term market demand, but rather a short-term effect of limited manufacturing capacity and increasing government regulations. Given the limited market penetration of existing electronic billboards, the future growth of this digital advertising medium seems almost assured.

Estimated Advertising Revenue Generation

Electronic billboards and digital signage advertising have become very valuable to their owners. The revenue that is generated from an electronic billboard can be up to 10 times higher than for traditional print billboards, in part because the number of advertising turns is typically six to 25 times greater, and in part because owners can charge more since the consumer retention rate on electronic billboard advertisements is said to be over 90 percent; much higher than 40 percent on printed billboards.

Global digital out-of-home media (DOOH) revenues, generated by digital place-based networks (DPNs) and billboards and signage operators (DBBs), grew 15.3% to \$6.97 billion in 2011, and are forecast to accelerate 19.2%, to \$8.3 billion in 2012, according to data from PQ Media. The continuing economic recovery and record political ad spending are cited as key drivers of the strong 2012 forecast, according to PQ Media. Depending on location, industry affiliated websites estimate traditional print billboards bring in \$2,000 to \$20,000 in monthly advertising revenue, while newer digital format billboards generate \$20,000 to \$80,000⁽⁷⁾ in monthly ad revenue, with top producing sites in Los Angeles reportedly bringing in nearly \$150,000⁽⁸⁾ in estimated monthly revenue!



Given Newport's desirable transportation hub location on the I-494 and US 61/10 interchange, with over 90,000⁽⁹⁾ individual vehicles passing over the Wacotah Bridge daily, it is not unreasonable to expect that a single-sided, electronic billboard could generate monthly revenues in excess of \$50,000. A double-sided electronic sign facing both directions on I-494 in Newport could possibly generate \$80,000 to \$120,000 in total monthly revenue. These revenue estimates need to be confirmed by further analysis from local billboard advertising industry experts in an Initial Concept Feasibility Study as recommended by this proposal. However, the advertising revenue potential at Newport's location looks very strong.

V. Proposed Scope of Work

This project proposes to hire an industry knowledgeable expert to complete a formal feasibility study with return on investment (ROI) analysis of potential funding for construction of an outdoor digital electronic billboard that is wholly-owned by the City of Newport, but with its daily operation and maintenance outsourced to an experienced company in the billboard management/advertising industry. The primary objectives of the feasibility study would be to estimate the potential revenues, costs and projected project payback.

The main benefit of a successful initiative is to secure additional revenue sources for the City of Newport city that are not dependent on property taxation and fees and would enable the city regular display time for periodic city announcements or emergency management communications.

VI. Alignment to City Goals/Objectives

Among Newport's Guiding Principles are to provide effective police, fire and emergency management protection capabilities to meet the demands of a changing community and ensure continuation of City services in a fiduciary responsible and cost efficient manner. As with many communities of Newport's size, it faces significant financial challenges in raising resources to meet its ongoing service responsibilities in an uncertain economic environment where increasing taxes remains an unpopular option.

Among the six guiding principles of the city's Strategic Plan initiatives, funding for this project aligns and supports four key city policy goals and objectives of:

- **Planning & Economic Development** – Newport will look for opportunities to invest in public infrastructure that will strengthen and enhance its overall revenue base.
- **Emergency Management & Public Safety** – Newport will promote emergency communication procedures and other systems to notify and inform Newport residents of critical emergencies.
- **Community Identity** - Newport will pursue open communications in an effort to keep residents and businesses informed.
- **Fiduciary Responsibility** – Supports responsible use of city resources and revenues that ensures core city services and future infrastructure needs are funded.

The proposed electronic billboard project meets these overall city goals of securing additional revenue for providing core city services without significantly raising taxes by aligning our

economic development fund resources to established advertising technology trends and using Newport’s traditional transportation hub location as a strategic advantage to provide a communication infrastructure platform that can be used to generate future advertising revenue streams for the city that are independent of its tax base.

VII. Estimated Budget

The budget of this proposed electronic billboard for the City of Newport is estimated as follows. The project is broken into typical phases with estimated budget for each phase. A more detailed budget would be developed in an actual cost proposal.

Activity	Description of Work	Rough Order of Magnitude (ROM) Costs
Phase One	Initial Concept Feasibility Study	\$10,000 for external consulting
Approval Gate	Go/No Go Decision	Council
Phase Two	Generation of Request For Proposal (RFP)	Staff Time, \$15K for external consulting
Phase Three	Evaluation of RFP’s	Council, Staff & Legal, Contracts
Approval Gate	Go/No Go Decision	Council
Phase Four	Acquisition & Preparation of Land	\$100,000
Phase Five	Construction of Billboard Sign & all Utilities	\$500,000
Phase Six	Operational Turnover	\$10,000
	Estimated Project Total	\$635,000

This project plan assumes some upfront funding for external consulting for initial feasibility concept evaluation and preparations of RFP’s etc. to increase subject matter expertise and lower requirements for administration staff preparation time.

VIII. Estimated Construction Timetable

The construction schedule of the proposed electronic billboard is estimated as follows. The project is broken into typical phases with estimated time duration for each phase. A more detailed schedule would be developed in an actual proposal.

Activity	Description of Work	Duration (calendar days)
Phase One	Initial Concept Feasibility Study	20 – 30 days
Phase Two	Generation of Request For Proposal (RFP)	15 – 30 days
Phase Three	Evaluation of RFP’s	30 days
Phase Four	Acquisition & Preparation of Land	90 – 120 days
Phase Five	Construction of Billboard Sign & Utilities	90 – 120 days
Phase Six	Operational Turnover	10 – 20 days
	Estimated Total	9 months to 1 year

IX. Estimated Payback & ROI

The payback and ROI for the project is estimated using a conservative straight line calculation method, neglecting depreciation or impairment accounting expenses for the sake of simplicity and with some adjustments made for future inflation of utility costs, but no corresponding increase in inflation adjusted advertising revenue. A more detailed financial analysis would be included in an actual project cost proposal.

Table 1. Break-even Payback

<i>Item</i>	<i>Description (Includes Labor)</i>	<i>Annualized Revenue/(Cost)</i>
<i>Land</i>	<i>Acquisition & Site Preparation</i>	<i>(\$100,000)</i>
<i>Support Structure</i>	<i>Foundation, Post, Electrical, Communications</i>	<i>(\$200,000)</i>
<i>Digital Billboard</i>	<i>LED Billboard, 16mm pitch, Standard 14' x 48"</i>	<i>(\$300,000)</i>
<i>Consulting</i>	<i>Misc. Project Consulting</i>	<i>(\$35,000)</i>
<i>Utilities</i>	<i>\$1000 per month, 99.9% average uptime</i>	<i>(\$12,000)</i>
<i>Operational</i>	<i>24x7x365 Operational Support</i>	<i>Included in service contract</i>
	Year 1 Total Cost	(\$647,000)
<i>Advertising Revenue</i>	<i>\$50,000 per month guaranteed revenue (includes operational service contract)</i>	<i>\$600,000</i>
	Break-even Payback	<u>12.7 months</u>

Table 2. Return on Investment

<i>Item</i>	<i>Description (Exclude depreciation)</i>	<i>Total Lifecycle Revenue/(Cost)</i>
<i>Useful Life</i>	<i>20 Years (industry figure)</i>	
<i>Total Revenue</i>	<i>\$600,000 per year (flat projection, no revenue increase due to inflation)</i>	<i>\$12 Million</i>
<i>Initial Construction</i>	<i>Construction & utility connection costs</i>	<i>(\$635,000)</i>
<i>Utilities</i>	<i>\$1000 per month, \$15K per year avg. over useful life with 50% electricity inflation rate</i>	<i>(\$300,000)</i>
<i>Maintenance & Insurance</i>	<i>Storm damage, Insurance costs over useful life</i>	<i>(\$200,000)</i>
	Total Useful Life Investment Costs	(\$1.135 Million)
	ROI	<u>957%</u>

X. Possible Billboard Locations

There exist multiple possibilities for billboard location at the I-494/US 61/10 intersection. These sites offer good visibility to both directions of I-494 as motorists cross the Wacota Bridge. Construction could be couple with the Newport Transit Station development project. There may be some suitable land that is currently owned by the state that can be turned back over to the city.



Figure 1. Possible Billboard Location

XI. Project Management

In addition to Council and City Administration oversight, the following key staffing areas would be required for the planning, execution, and completion of the proposed project. Other groups may be identified and required as the project plan becomes more fully developed. This is an organizational structure outline only:

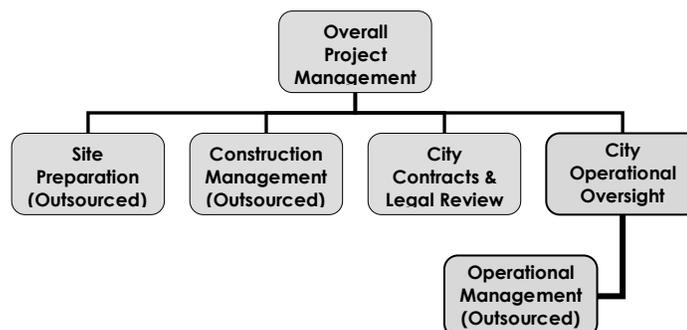


Figure 2. Proposed Project Structure

XII. Evaluation Criteria

There are multiple factors the Council should consider when evaluating the viability of any proposal. This is a partial list of major considerations for this specific proposal and is not intended to be all inclusive.

- Does the construction of the proposed electronic billboard in the best economic development interests for the residents and the City of Newport?
- Can suitable land be secured or acquired along the I-494/US 61/10 interchange that would be conducive to construction of an electronic billboard?
- What are the projected costs of the project, the source of the intended funding sources, the contractual arrangements of the ongoing operational and maintenance support and the projected revenue generated for a return on investment and payback period?
- What is the public perception and desirability of an electronic billboard in Newport?
- What additional approval authorities (state/county) and/or permits are needed to construct an electronic billboard in Newport?
- What Newport zoning ordinances would need to be revised or changed?

Progress against major milestones will be evaluated periodically throughout the project. Any major deviations requiring expenditures of additional funds not originally planned will require Council approval.

XIII. Next Steps

Specific action steps necessary for Council to evaluate and consider the recommendation of this proposal:

1. Review proposal at next regular Newport EDA meeting
2. Go/No Go Decision on Initial Concept Feasibility Study
3. Final decision based on results of concept feasibility study

XIV. Appendix

Supporting materials:

“Rahm Touts Digital Billboards”

Each new billboard would replace at least five conventional billboards

Thursday, Nov 1, 2012, Source: <http://www.nbcchicago.com/blogs/ward-room/Rahm-Touts-Digital-Billboards-176768411.html#ixzz2Cui4r9Ej>

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