

SAN DIEGO UNIFIED PORT DISTRICT

MEMORANDUM

Date: July 12, 2018

To: Board of Port Commissioners

From: Robert DeAngelis
Chief Financial Officer
rdeangelis@portofsandiego.org

Subject: AGENDA ITEM 2018-0290 PERTAINING TO ADVERTISING COSTS

Due to increased interest in this subject, this memorandum provides the Board with a schedule of revenues and a schedule of costs for District's advertising program from March 2016 to present, including Comic Con, Major League Baseball All-Star Game, two grandfathered billboards, unpermitted signs, the Wall Sign Ordinance that has expired, and the wayfinding and advertising kiosk program. The revenue is broken out by category; however, the District is unable to break out costs by these categories due to overlapping efforts and the fact that the District does not keep itemized timecards.

| TABLE 1 | |
|--|-------------------|
| ADVERTISING REVENUES MARCH 2016 - PRESENT | |
| Comic Con | |
| District Garage | \$369,310 |
| Tenant Wrap | \$80,400 |
| MLB All Stars Game | \$12,000 |
| Grandfathered Billboards | \$140,000 |
| Unpermitted Tenant Wraps | \$20,000 |
| Ordinance - Building Wraps | \$0 |
| Kiosks | \$0 |
| TOTAL | \$621, 710 |

| TABLE 2 ADVERTISING COSTS MARCH 2016 - PRESENT | |
|---|------------------|
| Outside Counsel (First Amendment, CEQA, Outdoor Advertising Act, Agreements with Signage Companies, Patent Costs) | \$152,792 |
| Non-Personnel Expenses* | \$79,000 |
| Estimated Personnel Expenses – Fully Burdened** | \$404,965 |
| TOTAL | \$636,757 |

*Includes costs primarily for design of the kiosks and a market research study.

**Includes approximately eleven District employees. Employees do not keep track of time spent on any one matter and these are purely estimates based on staff's input of the estimated hours they spent on the matters at an average hourly wage and benefit rate.

In addition, below is a table that summarizes Comic Con wrap revenue for FY 2017 and FY 2018, as well as an estimated forecast for FY 2019 with wrap advertising revenue identified from the District-owned garage adjacent to the Hilton and Tenants.

| TABLE 3 Comic Con | | | | |
|----------------------------------|-----------------------|------------------------------------|--------------------|---|
| | District-Owned Garage | Tenants (Hilton Bayfront/ Marriot) | Total Port Revenue | Net Tenant Revenue (Hilton Bayfront/ Marriot) |
| FY 17 Revenue | \$174,950 | \$31,000 | \$205,950 | \$124,000 |
| FY 18 Revenue | \$194,360 | \$49,400 | \$243,760 | \$197,600 |
| Estimated FY 19 Forecasts | \$120,000 | \$68,000 | \$188,000 | \$272,000 |
| TOTAL 3-Year Revenue | \$489,310 | \$148,400 | \$637,710 | \$593,600 |

If you have any questions, please contact Robert DeAngelis at (619) 400-4725 or via email at rdeangelis@portofsandiego.org.