

COMMISSION FILE NO: 17-088-9 **DATE INTRODUCED:** September 11, 2017

INTRODUCED BY: Executive Director (Signature on File in the Office of the Commission)

REFERRED BY COMMISSION CHAIRPERSON TO: Policy, Finance, and Personnel Committee

RELATING TO: Approval of Lease to Construct, Operate, and Maintain a Billboard on District Property

SUMMARY:

The Commission is requested to approve and to direct the Executive Director to execute on behalf of the District a 20-year lease with Red Outdoor Media, LLC (Red or Lessee).

The proposed lease will allow Red to construct, operate, and maintain a digital billboard on District land approximately located west of 4343 South 6th Street, Milwaukee. (See Attachment 1.) This land was purchased for the Wilson Creek Flood Management Project. The lease will not impact the Wilson Creek Flood Management Project or future operation of the flood management facility.

The lease requires Red to pay the District the greater of \$1,667 per month or 25% of gross advertising space rent revenue. If the billboard is converted to digital, then the revenue to the District is the greater of \$2,000 per month or 20% advertising revenue as opportunity for revenue increases. The lease structure is consistent with industry norms and terms of known billboard leases signed with neighboring municipalities.

ATTACHMENTS: **BACKGROUND** ☐ **KEY ISSUES** ☐ **RESOLUTION** ☒
FISCAL NOTE ☐ **S/W/MBE** ☐ **OTHER** ☒ Attachment 1

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COMMITTEE ACTION: _____ **DATE:** _____

COMMISSION ACTION: _____ **DATE:** _____

SUMMARY (Cont'd)

Approval of Lease to Construct, Operate, and Maintain a Billboard on District Property

Highlights of lease terms include:

- Lease is contingent on the billboard being digital.
- Lessee is responsible for all permitting, construction costs, and annual operating costs of the billboard with no cost of the lease to the District.
- District approval of construction plans.
- Prohibition of sexually oriented advertising, termination of lease if prohibition violated.
- Lessee has right of first refusal if the District sells or grants a perpetual billboard easement on the subject property.
- Lessee indemnifies the District for installation, operation, and maintenance of billboard.
- Lessee maintains and names the District on general liability and workers compensation insurance.
- Free advertising is provided for the District on the billboard.
 - The District will receive a one-half pre-emptible advertising at no cost.
 - The District will receive at least 700 digital advertising spots per month as long as the billboard is in operation.
 - Lessee will assist in producing the advertising for the District at no charge, including generating advertisement proofs.
 - Lessee will keep the District apprised of the District's advertising display times and any additional advertising slots available.

RESOLUTION

Approval of Lease to Construct, Operate, and Maintain a Billboard on District Property

RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that a lease to construct, operate, and maintain a digital billboard on District property is approved with Red Outdoor Media, LLC, and that the Executive Director is directed to execute the lease on behalf of the District.

FURTHER RESOLVED, by the Milwaukee Metropolitan Sewerage Commission, that the lease is contingent on the billboard being a digital format and contingent on free advertising being provided to the District.