City of Inglewood's 2025 Billboard Contract With WOW: Will It Help the City's Budget?

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Executive Summary

The City of Inglewood faces fiscal challenges that its 2025 billboard contract with WOW Media will not meaningfully address. In April 2025, the City approved an exclusive agreement with WOW Media, Inc. to install up to 60 digital kiosk structures with 108 digital screens on public sidewalks and medians. Many of these would surround some of the City's most valuable sports and entertainment venues, including SoFi Stadium, the Intuit Dome, and the Kia Forum. City officials have suggested that the revenue from this contract will help address the City's fiscal challenges. Our analysis finds otherwise.

The City has substantial and growing long-term liabilities. As of September 30, 2024, the City's Comprehensive Annual Financial Report (CAFR) shows total government-wide liabilities of $863 million. The four largest components – $236 million in unfunded pension obligations, $128 million in unfunded Other Post-Employment Benefit (OPEB) obligations (primarily retiree healthcare), $214 million in outstanding pension obligation bonds, and $81 million in claims and judgments payable – alone total approximately $659 million, or more than $6,200 per resident. The City has relied on pension obligation bonds – which the Government Finance Officers Association recommends governments not issue – to cover annual pension costs, effectively borrowing to fund current operations. Worse, some of these bonds were structured to let interest compound for years before significant repayments began – reminiscent of the negative amortization mortgages that contributed to the 2008 financial meltdown.

The WOW contract's projected revenues are too small to make a difference. Using advertising revenue assumptions from publicly traded billboard companies and the specific terms of the WOW agreement, we estimate the contract will generate between $280,000 and $1.1 million per year for the City. This represents 0.1 to 0.5 percent of the City's approximately $238 million General Fund budget. The City's pension costs alone grew by $7.3 million in a single year, meaning the underlying deficit is expanding at a pace that would consume the most optimistic kiosk revenue estimate several times over.

The City has negotiated progressively worse deals with WOW. For example, the original 2015 agreement provided the City with a 50 percent base revenue share rate that rose to 80 percent above specified revenue thresholds, with deductions limited to costs paid to unaffiliated third parties (capped at 20 percent of gross) and no deduction for power costs. The 2018 First Amendment reduced the 80 percent threshold rate to 55 percent for freeway-facing billboards. The 2025 agreement further reduces the City's share to 40 percent. The revenue base on which the 40 percent applies has also narrowed, with larger offsets allowed to the operator for electricity costs, other operational expenses, and major repairs, which combined could reduce the City's effective share to less than 24 percent of actual gross revenue. The new contract also has much lower minimum annual guarantees, no one-time bonus payments, expanded exclusivity zones, and longer contract terms.

The 2025 agreement is also weaker than comparable agreements in the region. We compared the WOW agreement to two other recent digital billboard contracts in Southern California – in Santa Monica and West Hollywood – and found that the 2025 agreement is the weakest on most major fronts. For example, the Inglewood agreement has the lowest minimum annual guarantee; it is the only agreement granting exclusivity; it has the longest term; it is the only agreement that requires the City to remove trees blocking billboard views; and it is the only agreement where risks associated with electricity costs are borne exclusively by the City. Lastly, it is the only agreement approved without a noticed public hearing.

The contract will not materially improve, and may worsen, the City's budget deficits. Under a best-case scenario, the agreement will produce $1.1 million or less per year in revenues to the City, which is less than 0.5 percent of its general fund budget. However, the contract has the real potential of making the budget situation worse. Inglewood's budget has become heavily dependent on venue-related revenues – property taxes, sales taxes, admissions taxes, and utility taxes paid by SoFi Stadium, the Intuit Dome, and the Kia Forum. Based on our analysis of historical revenue data from the California State Controller's office, we estimate these venues generate approximately $58 million annually in tax revenues to the City (direct and multiplier effects). Academic research and industry experience demonstrate that dense advertising around venues can dilute the value of venue sponsorships and create "ambush marketing" opportunities that undermine the venues' commercial relationships, thus putting these revenues at risk.

Our breakeven analysis shows that a decline of just 1 to 5 percent in venue-related revenues would entirely offset any billboard revenue the City receives from the WOW contract. More importantly, the agreement's vested rights and exclusivity provisions limit the City's ability to restrict billboard advertising near venues during major events – creating a potential conflict with the clean-zone requirements imposed by FIFA, the NFL, and the IOC for the World Cup, Super Bowl, and Olympic events that Inglewood is scheduled to host. The revenue impact of losing even one such event would exceed the entire annual kiosk revenue under any scenario.

Background

The City of Inglewood is a municipality of approximately 105,000 residents in southwestern Los Angeles County. Over the past decade, the City has undergone a transformation from a largely residential community into one of Southern California's major destinations for professional sports and live entertainment.

This transformation has been driven by the development of three major venues. **SoFi Stadium,** which opened in 2020, is a $5.5 billion facility that serves as the home of both the Los Angeles Rams and Los Angeles Chargers of the NFL. It hosted Super Bowl LVI in 2022 and will host eight matches during the 2026 FIFA World Cup, the Super Bowl again in 2027, and the opening ceremony of the 2028 Summer Olympics. **The Intuit Dome,** which opened in 2024, is the $2 billion home of the LA Clippers of the NBA. **The Kia Forum** is a renovated arena that hosts approximately 120 concerts and events per year.

These venues are critically important to Inglewood's budget. They directly pay substantial property tax, sales tax, admissions tax, utility tax, and parking fee revenues to the City. They also attract visitors – who spend money at local businesses, generating additional sales and transient occupancy tax revenues – and they hire employees and purchase goods and services from businesses in the community. The venues' success – and the commercial relationships that sustain them, including sponsorship and advertising agreements – are directly tied to the City's fiscal health.

The WOW Contracts

The 2015 Agreement

The City of Inglewood's relationship with WOW Media, Inc. dates back to 2015, when the City entered into Billboard Lease Agreement No. 16-035 for the installation and operation of large-format digital billboards ("Spectaculars") on City-owned property. That original agreement provided the City with a 50 percent base revenue share that rose to 80 percent above specified annual revenue thresholds. Deductions from gross revenue were allowed for actual costs paid to unaffiliated third parties, capped at 20 percent of gross, with no separate deduction for electricity or major repairs. The City received one-time signing bonuses of $100,000 to $250,000 per billboard face (totaling $3.1 million) and minimum monthly rent of $5,000 to $10,000 per face ($1.86 million per year in aggregate).

The agreement was amended in June 2018 (First Amendment), reducing the 80 percent threshold rate to 55 percent for freeway-facing billboards, and again in December 2018 (Second Amendment), extending the initial term from 10 to 20 years. The terms of the 2018 amendments were used in a separate agreement in 2021 that authorized additional screens. Approximately 23 Spectacular displays currently operate under these earlier agreements, generating approximately $2.7 million per year in revenue for the City.

The 2025 Agreement

In April 2025, the City Council approved a new Lease and Development Agreement with WOW that significantly expands the company's presence in Inglewood. The key terms include:

Product and scale. The agreement authorizes WOW to install up to 60 "Telecommunications and Information Network" (TIN) kiosk structures, each featuring one to two digital display faces, for a total of up to 108 digital screens across all structures. The kiosks are substantially smaller than the existing Spectaculars – each face is approximately 98 inches – and are designed for installation on public sidewalks and medians.

Revenue share. The City receives 40 percent of "Gross Revenue." However, the agreement defines Gross Revenue as raw advertising revenue minus operating costs paid to unaffiliated parties (capped at 25 percent of total revenue) and minus electricity costs. After these deductions, the City's effective share is as low as 24 percent of actual gross advertising revenue. The 2025 contract also introduces a new deduction of 40 percent of all repair and replacement costs, for any calendar year in which such costs exceed $100,000, which could further reduce the effective rate below 24 percent.

Minimum annual guarantee. WOW must pay the City a minimum of $1,000 per month per active display face, or $12,000 per year. At full Phase I buildout of 20 faces, this equals $240,000 per year.

Term. The agreement runs for 20 years with two automatic 10-year renewal periods, for a default term of 40 years. Only WOW has the option not to renew.

Exclusivity. The City grants WOW a 2,500-foot exclusivity zone around each kiosk location, within which no competing outdoor advertising may be permitted.

Other provisions. The City is obligated to remove trees and other obstructions that block billboard views, at the City's expense. WOW may assign the contract without City consent. A pandemic or similar event excuses WOW from all rent obligations. The agreement was approved without a public hearing, without competitive bidding, and without review by the City's Planning Commission.

The City's Budget Situation

To evaluate whether the WOW contract can materially help Inglewood's budget, it is first necessary to understand the scale and nature of the City's fiscal challenges. The following discussion draws on our review of adopted City budgets from FY 2010–11 through FY 2025–26 and the City's most recent CAFR for the 2023–24 fiscal year.

Budget Overview

The City of Inglewood's adopted General Fund budget for FY 2025–26 projects approximately $238 million in revenues and $247 million in expenditures. Thus, the City has an operating deficit of $8.7 million, or 3.7 percent of its budget. The budget makes up for this deficit by using $11.1 million in prior-year fund balance carry-over, leaving a projected ending balance of approximately $2.3 million (see **Figure 1**).

Billboard fees from all operators are budgeted at $8 million, representing about 3.4 percent of total General Fund revenues.[1] This $8 million projection is historically optimistic – the City's actual billboard collections have never reached that level, peaking at $7.5 million in FY 2022–23 and declining to $5.9 million in FY 2023–24.

Figure 1
City of Inglewood General Fund Budget Summary
FY 2025–26

Category	Amount ($ Millions)	Percent of Total
REVENUES		
Property taxes	$54.7	23.0%
Sales and use taxes	$26.4	11.1%
Admissions tax	$21.7	9.1%
Utility user's tax	$19.7	8.3%
Transient occupancy tax	$6.9	2.9%
Billboard fees (all operators)	$8.0	3.4%
Other revenues	$100.5	42.2%
Total Revenues	$237.9	100%
EXPENDITURES		
Personnel costs (salaries, benefits, pension)	$155.1	62.9%
Operating and maintenance	$89.1	36.1%
Capital and other	$2.4	1.0%
Total Expenditures	$246.6	100%
Operating Deficit	-$8.7	3.7%
Transfer of Prior-Year Balance	$11.1	5.1%
Projected Ending Balance	$2.3	

Source: City of Inglewood FY 2025–26 Adopted Budget. Note: Billboard fees highlighted.

[1] FY 2025–26 Adopted Budget. Billboard fee collections: $7,453,665 (FY 2022–23 actual), $5,944,951 (FY 2023–24 actual), $5,000,000 (FY 2024–25 estimate), $8,000,000 (FY 2025–26 budget).

As Figure 1 indicates, billboard fees – even at the City's optimistic $8 million projection – represent a small fraction of General Fund revenues. Even if the WOW kiosk agreement were to add $1.1 million to the City's billboard revenue, the increase would represent less than 0.5 percent of total revenues – far too little to meaningfully change the City's fiscal trajectory.

Origins of the City's Budget Problem

In 2010, Inglewood, like many cities after the Great Recession of 2008, faced a massive budget deficit. The problem was so serious that the City Administrator issued a report to the City Council that it deemed a "Jarring Report and a Call to Action."

Excerpts from Transmittal Letter, 2010 Budget

"A JARRING REPORT AND A CALL TO ACTION"

In his FY 2010-2011 Budget Letter of Transmittal to the Inglewood City Council, the City Administrator opened with an unusually frank assessment of the City's deteriorating financial situation. Citing numerous passages from Chief Financial Officer's Comprehensive Budget Review and Forecast, the letter described the sobering budget challenge facing the City and included "a call to action" for Council members to seriously address the City's budget challenges. Following are some key quotes from that transmittal:

"This report revealed with new clarity that the City's General Fund operating deficit had mushroomed to over $13 million annually for the current fiscal year and projected that it would rise further without immediate spending restraints…" "Since the April 2010 Comprehensive Budget Review and Forecast was published, the City's FY 2009-2010 General Fund operating deficit has grown to $17.6 million, chiefly as a result of a continued decline in revenues ($3.2 M) and little progress implementing spending controls…."

"The analysis points to a sharp drop in economy-sensitive revenues, the elimination or transfer of substantial assessment district and grant funding for police services, deserved– but ill-timed bargaining group salary increases, spending increases, and a number of accounting miscalculations as leading to the City's present fiscal problems…"

"In apparent disregard of its own financial policies, the City had devoured its $17.6 million undesignated General Fund reserves and erased a $7 million emergency reserve…"

"Finally, the CFO's report concluded rising costs for items such as pension contributions, medical premiums, and other post-employment benefits will continue to aggravate the deficit…"

"*Absent prompt and decisive action It will then be unable to meet its financial obligations or fulfill its duty to provide municipal services."(e*mphasis added.*)*

The above textbox includes excerpts from the budget summary of that 2010 report. It concluded that, without prompt and decisive action the City would be unable to meet its financial obligations or fulfill its duty to provide municipal services. In other words, the City faced the prospect of bankruptcy in 2010–11 or shortly thereafter.

Since that "Jarring Report" was issued, City revenues have increased by 208 percent, thanks largely to the construction and operation of the City's new sporting venues, but expenditures have increased by 211 percent. As a result, the budget's structural balance is no better today than it was in 2010 despite substantial venue-related revenue growth. In fact, it is worse structurally due to the mechanisms the City used to avoid the "prompt and decisive action" needed to restore fiscal stability.

The next section reviews the ways in which the City has managed through the period since 2010 but has not come to terms with its growing structural budget shortfall.

A Transformed City – But Growing Obligations

A surge in property, sales, and admissions tax revenues associated with the development and operation of SoFi Stadium, the Intuit Dome, and the Kia Forum is the major reason for the 208 percent increase in revenues since 2010. However, the revenue growth has not been sufficient to get ahead of the City's rapidly growing long-term obligations. Our review of nine adopted budgets during the 2010 through 2025 period reveals several important themes:

Pension costs have consumed revenue growth. Combined pension contributions grew from $24.5 million in FY 2017–18 to $53.5 million in FY 2025–26, an increase of 118 percent. Personnel costs overall grew from $87 million to $155 million over the same period, absorbing virtually all the City's revenue gains from the venue boom.

Pension obligation bonds have been used to fund current operations. The City has issued four series of taxable pension obligation bonds (POB) totaling $214 million (see sidebar).[2] Most recently, the 2023 series was explicitly used in part to "fund the City's normal pension costs" – meaning the City borrowed to cover routine annual pension contributions that should be funded from current revenues. The 2005 Series B bonds illustrate the long-term cost of this borrowing strategy. In 2005, the City issued $65 million in combined Taxable Pension Obligation Bonds (Series A, B, and C) to refund past CalPERS payments and finance a single year's pension contribution. Series A and C have since been refunded by subsequent bond issuances – effectively refinancing old pension debt with new pension debt. The remaining Series B bonds were structured as compound interest instruments in which interest accretes rather than being paid currently. As a result, over their remaining life through 2035, the City's total debt service obligation on these bonds alone is $64.3 million – $17.2 million in remaining original principal and $47.1 million in accreted and future interest. *The City is paying nearly $4 for every $1 of original principal remaining.*

[2] Government Finance Officers Association, "Advisory: Pension Obligation Bonds," 2015, reaffirmed 2021. GFOA recommends that state and local governments should not issue POBs.

One-time federal funds papered over shortfalls. The City received approximately $56 million in American Rescue Plan Act (ARPA) funds, which were used to backfill operating shortfalls and fund one-time expenditures. These funds are now largely exhausted.

Operating margins are thin. The City does maintain significant accumulated reserves – the 2025–26 budget reports approximately $170 million in undesignated General Fund balances, which exceeds its own 25 percent reserve policy. However, the City's operating budgets have projected ending balances of just $121,000 (FY 2024–25) and $2.3 million (FY 2025–26), partly funded by one-time savings and a drawdown of previously accumulated reserves. The accumulated reserves represent prior-year savings, not current-year operating capacity, and a significant portion of these past savings were derived from issuing POBs and other one-time sources. Given current trends in the underlying budget and the large amount of long-term liabilities facing the City (discussed below), the City of Inglewood will likely need to cover future shortfalls from the reserves as the gap between revenues and obligations continues to widen, absent decisive actions.[3]

[3] Our budget analysis was completed prior to the release of the City of Inglewood's audited Basic Financial Statements for the fiscal year ended September 30, 2025. Capitol Matrix Consulting has subsequently reviewed those audited statements and found the General Fund results consistent with the figures relied upon in this report. Audited General Fund revenues totaled $235.5 million, approximately $6.6 million (2.9 percent) above the 2024-25 estimate included in the City's 2025-26 adopted budget. Taxes accounted for about $3.7 million of the overage. On the expenditure side, audited General Fund expenditures and transfers-out were $8.5 million (3.7 percent) above the budget's year-end estimate excluding a one-time $11.0 million legal settlement, and approximately $19.5 million above including that settlement. The audited results were thus slightly more negative than the prior-year figures used in the 2025-26 adopted budget and thus reinforce the conclusions of this report. With respect to billboard revenue specifically, the audited lease disclosures show that the fixed, contractually guaranteed component of the City's billboard leases is approximately $2.0 million per year, whereas the City's adopted budget for 2025-26 assumes roughly $5 million in billboard fees in 2024-25 and $8 million in fees in 2025-26 — implying that advertising-based (percentage-of-gross-revenue) rent will sharply exceed the contractual floor in both years. Recent revenue trends suggest that, while actual billboard receipts may exceed the floor, they are likely to fall well short of the budgeted amounts.

Pension Obligation Bonds: What They Are and Why Experts Oppose Them

Pension obligation bonds (POBs) are taxable bonds issued by governments to fund unfunded pension liabilities. The strategy rests on the assumption that bond proceeds, when invested with pension assets, will earn a rate of return exceeding the interest rate on the bonds. However, this is essentially a bet using taxpayer money – if investments underperform, the government is left with both the original pension shortfall and new debt service obligations.

The **Government Finance Officers Association (GFOA)** has formally recommended since 2015 that "state and local governments should not issue POBs." The GFOA advisory, reaffirmed in 2021, warns that POBs "involve considerable investment risk, making this goal very speculative," and that "failing to achieve the targeted rate of return burdens the issuer with both the debt service requirements of the taxable bonds and the unfunded pension liabilities that remain unmet."

Inglewood has issued four series of POBs totaling $214 million. The most concerning aspect is the use of 2023 POB proceeds to fund routine annual pension contributions – the equivalent of using a credit card to pay monthly bills.

Long-Term Liabilities

The City's CAFR reveals the scale of Inglewood's long-term fiscal obligations. As of September 30, 2024, the City reported total government-wide liabilities of $863 million. The City's major long-term liabilities, totaling $659 million are summarized in **Figure 2** (next page**)**. They include the unfunded pension liabilities and pension obligation bonds outstanding (discussed above), plus over $200 million for unfunded retirement health benefits (OPEB liabilities) and claims and judgments payable.

Regarding the OPEB liability: like most California cities, Inglewood has not prefunded its retiree healthcare obligations, instead covering benefit costs on a pay-as-you-go basis.[4] The lack of prefunding leaves the City exposed to growing annual costs as the retiree population increases and healthcare expenses rise. The $128 million liability represents the present value of benefits already earned by current and former employees that will need to be paid from future budgets.

Rapid growth in claims and judgements payable liability is also putting upward pressure on the budget. This category increased from $35 million in 2018-19 to $81 million in 2023-24 (the most recent year reported), an increase of 126 percent over 5 years. Unfortunately, the financial reports for the City do not break out specific types of claims, so it is not possible for us to determine the sources of this rapid growth. While municipalities commonly carry substantial claims reserves – including actuarial estimates for incurred-but-not-reported losses – the growth trajectory is notable. To fully understand the size of this risk it would be necessary to examine individual claims

[4] CAFR, Note 12 (OPEB). Net OPEB liability of $127,984,703 as of September 30, 2024. The City has not established an irrevocable OPEB trust.

to determine whether they are due to "one-off" events or are indicative of disturbing underlying trends in one or more areas of the City's operations.

Figure 2
City of Inglewood – Major Long-Term Liabilities
(September 30, 2024)

Liability	Amount
Net pension liability (CalPERS)*	$235,906,310
Pension obligation bonds outstanding	$213,941,302
Net OPEB liability (retiree healthcare)	$127,984,703
Claims and judgments payable	$80,956,252
Major Long-Term Liabilities	**$658,788,567**
Per resident (population ~105,000)	**~$6,270**

Source: City of Inglewood Basic Financial Statements, FY 2023–24 (September 30, 2024).
**Excludes portion of unfunded pension liability covered by POB proceeds.*

An additional liability not explicitly shown in the City's CAFR or budget relates to revenues that may become owed to Hollywood Park (HP). Specifically, in its 2015 statutory development agreement with HP (HP Development Agreement), the City agreed that new taxes generated by the investment in SoFi and related HP venues in excess of $25 million (adjusted annually by CPI) in any single Fiscal Year (the Revenue Hurdle) would be used by the City to reimburse HP for the up-front costs it incurred for public infrastructure and public services supporting the development and operation of the Hollywood Park project.[5]

To date, only a single $20 million partial payment toward this reimbursement obligation has been reported. Absent a favorable court ruling, the City will be required to reimburse HP for these privately funded public improvement and public services costs in each Fiscal Year that the Revenue Hurdle is exceeded during the term of the HP Development Agreement.

Why These Obligations Matter

The cumulative effect of these long-term obligations on the operating budget is substantial – and directly relevant to the question of whether billboard revenue can make a meaningful difference.

[5] The 2015 Amended and Restated Development Agreement between the City and Hollywood Park provides that in any fiscal year that the total net new City tax revenues generated by Hollywood Park – including property, sales, admissions, parking, transient occupancy, utility users, franchise, and business license taxes – exceed the Revenue Hurdle of $25 million per year (adjusted annually by CPI), the developer is entitled to reimbursement of amounts it advanced for public infrastructure improvements and public services associated with the HP development.

Consider a household that each month spends more than its take home pay. Instead of reducing its spending, it takes out a second mortgage on its home. It might be able to support that excess spending with the borrowed money for a time, but eventually that bank account will run dry. Worse, the family knows that there are looming future obligations such as college for the kids and it has no savings set aside for those future expenses. In the meantime, paying off that second mortgage means less money available to cover other expenses, like groceries.

The same dynamic applies to Inglewood's budget:

Debt service is non-discretionary. Once bonds are issued, the payments come first – before police, parks, roads, or any other service. The City cannot renegotiate with bondholders the way it might renegotiate a vendor contract.[6]

These liabilities grow on autopilot. Pension obligations grow with payroll and retiree longevity. OPEB grows with healthcare costs. Claims grow with litigation exposure. None of these respond to the City's revenue performance – they grow whether the economy is booming or contracting.

The crowding-out effect is already visible. Personnel costs including pension grew from $87 million to $155 million from 2017-18 to 2025-26 – a 78 percent increase over eight years. Total revenues, fueled by taxes generated by the venues, grew by a similar percentage. This implies that virtually all the venue-driven revenue growth was absorbed by compensation and retirement costs, leaving little for infrastructure, reserves, or new programs.

The trajectory is unsustainable without corrective action. As these fixed obligations consume an increasing share of the budget, the City's ability to fund basic services, maintain infrastructure, and respond to unexpected needs diminishes – even if revenues hold steady. A recession or other revenue shock would accelerate the problem, but the crowding-out effect is occurring regardless.

Bottom Line on the Budget

The FY 2025–26 budget puts the City's fiscal challenge in sharp focus. General Fund revenues of $238 million fall short of the $247 million in planned expenditures by $8.7 million.[7] The City fills this gap by drawing down $11.1 million in the prior-year fund balance – accumulated savings from prior years. Notably, the FY 2025–26 budget is cleaner than prior years in one respect: it does not rely on new or refinanced POB

[6] Governments can in some cases refinance or restructure bond debt to defer principal payments, as the State of California has done on several occasions. However, refinancing typically extends the repayment period and increases total interest costs, and is constrained by market conditions, bondholder consent provisions, and legal restrictions in bond covenants. Inglewood's own refinancing history illustrates this: the 2017 and 2023 POB series each refunded portions of the 2005 bonds, but total outstanding POB obligations have grown from $65 million (2005) to $214 million today.

[7] FY 2025–26 Adopted Budget, p. iii. Expenditures of $246,608,789 supported by revenues of $237,867,925 and $11.1M in carry-over, yielding projected ending balance of $2.3M.

proceeds, although it does use prior year savings. Importantly, the underlying gap between ongoing revenues and ongoing expenditures remains.

The gap is also growing. The City's CalPERS pension costs alone increased by $7.3 million in a single year (from $30.1 million in FY 2024–25 to $37.5 million in FY 2025–26, a 24.3 percent increase). POB debt service increased by $7.2 million (an 81.4 percent increase), as interest payments on previously issued bonds began coming due.[8] These are not one-time spikes – they reflect the compounding effect of the growing fixed obligations described above.

In other words, the City is still suffering from its failure to take the prompt and decisive action that it has avoided since 2010. The 2025 WOW contract does nothing meaningful to address its structural budget problem. Against this backdrop, the question is whether the 2025 WOW contract can make a meaningful contribution. Even at the most optimistic kiosk revenue estimate of $1.1 million per year, billboard revenue does not bend the curve on a deficit that is growing by more than the entire kiosk revenue estimate every year.

Does the 2025 WOW Contract Help or Hurt the City?

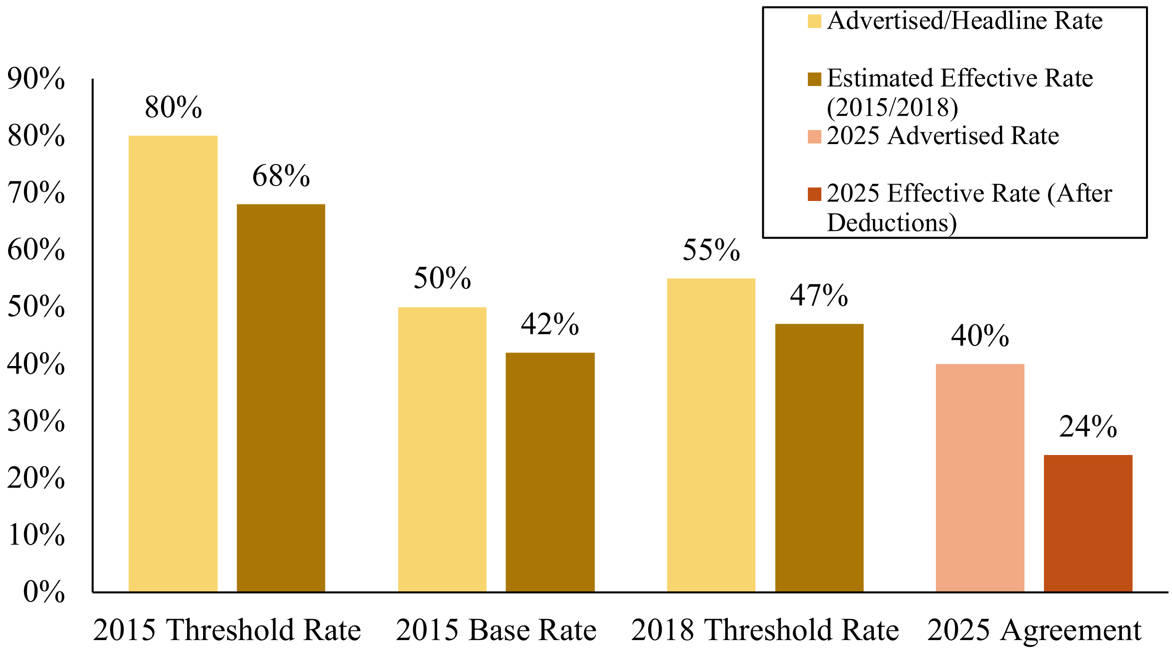
To evaluate the 2025 WOW kiosk agreement, we compare its provisions to both earlier agreements between Inglewood and WOW, and to two other recent digital billboard agreements in Southern California. A comparison of key provisions in the contracts is shown in the Appendix Table. We then estimated potential City revenues from the 2025 contract using the specific terms of the contract and advertising revenue data from publicly traded billboard companies. Finally, we assessed whether the additional billboards authorized by the contract could cause dilution and related effects that would end up hurting the City.

Comparison to the City's Earlier Contracts With WOW

The 2025 contract continues an extraordinary pattern of regression on all major fronts of its agreements with WOW (see **Figure 3**). The original 2015 agreement provided the City with a 50 percent base revenue share that rose to 80 percent above annual revenue thresholds, with deductions for costs paid to unaffiliated third parties (capped at 20 percent of gross) and no separate deduction for power. The 2018 First Amendment reduced the threshold rate from 80 percent to 55 percent for freeway-facing billboards.

[8] FY 2025–26 Adopted Budget, p. iv. CalPERS costs increased $7,325,792 (24.3%) from FY 2024–25. POB debt service increased $7,174,612 (81.4%) due to initiation of interest payments on previously issued bonds.

Figure 3
City Revenue Share: Inglewood's Declining Terms with WOW Advertised Rates vs. Estimated Effective Rates



The 2025 agreement reduces the City's share further to 40 percent and eliminates the threshold rate entirely. The new agreement also expands the deductions applied before that rate is calculated by raising the operating cost cap from 20 to 25 percent of gross advertising revenue, and by adding a separate uncapped deduction for electricity costs. In the prior agreements, electricity costs were included within the 20 percent cap. The 2025 agreement also includes a new 40 percent deduction for major repair and replacement expenses exceeding $100,000 in any calendar year. After these deductions, the City's effective share falls to as low as 24 percent of actual gross advertising revenue, and even lower in cases where large repair and replacement expenses are incurred. In short, the City has accepted progressively less favorable terms from the same company on both the rate and the base to which it is applied. The one-time signing bonuses (totaling $3.1 million in the 2015 contract) are gone and the minimum monthly rents are much lower.

Comparison to Other City Contracts

Relative to current billboard agreements developed in two other Southern California cities, Inglewood's 2025 agreement with WOW falls short on several fronts.

Inglewood's revenue sharing arrangement contains unusual risk. The 2025 agreement's estimated effective rate of 24–34 percent of gross advertising revenue falls between the sharing rates for the Santa Monica and West Hollywood contracts. However, this comparison obscures an important difference in revenue risk. Santa

Monica applies its rate to gross advertising revenue with no deductions, while West Hollywood applies its rate to gross revenues less deductions for only operator taxes (excluding income taxes) and advertising commissions. In contrast, Inglewood's rate is applied after WOW takes money "off the top" for their electricity expenses and other operating costs.

This means the City's actual share fluctuates with factors outside its control. This is particularly significant in Southern California, where electricity costs are among the highest in the nation, have risen sharply in recent years, and are widely expected to keep increasing. Every dollar of electricity cost increase reduces the City's revenue dollar-for-dollar – a risk that Santa Monica and West Hollywood placed entirely on the operator. (This risk is unbounded since there is no cap on the size of the electricity offset.) The new provision in the 2025 contract allowing a 40 percent deduction of repair/replacement costs in excess of $100,000 in any calendar year also raises risks for the City.

The minimum annual guarantee is small. The minimum annual guarantee (MAG) of $12,000 per face – or $240,000 per year at full Phase I buildout – is modest in absolute terms and quite small relative to the comparator agreements in the region. Santa Monica's MAG is $500,000 per display per year for large-format building-mounted displays. More directly comparable is West Hollywood's 2017 street furniture license that covers bus shelters and kiosks – a format similar in scale to Inglewood's kiosk installations. The agreement includes guaranteed annual payments to West Hollywood starting at $1.25 million and rising to $2.15 million per year.

Community benefits and payments are absent. The Santa Monica contract required a one-time up-front contribution of $500,000 per display. Inglewood's 2015 contract included application fees ranging from $100,000 to $250,000 per billboard. The West Hollywood contract requires $7 million in investments over the term of the contract. Inglewood's 2025 contract with WOW contains no comparable requirements.

The 40-year default term is unusually long. With two automatic 10-year renewals that only WOW can decline, the effective term is 40 years – longer than any comparable agreement and a significant expansion from the City's own prior deal, which started at 10 years (20 years by the Second Amendment). Santa Monica has a 30-year term, and the West Hollywood contract has a 10-year term, with 2 five-year optional extensions.

Inglewood is the only City that granted exclusivity. The 2,500-foot exclusivity zone prevents the City from authorizing any competing outdoor advertising near WOW installations – an expansion from the 1,000-foot radius in the prior WOW agreement. Neither the Santa Monica Ordinance nor the West Hollywood agreement include any exclusivity restriction.

Inglewood's obligation to protect billboard views is unusual. Both the original 2015 agreement and the 2025 agreement require the City to not to allow any new structure, tree, or vegetation on City property to obstruct billboard views, and in fact makes the City responsible for removing trees and other vegetation that obstruct views. By contrast, the Santa Monica's ordinance expressly states the City has no duty to remove vegetation for billboard visibility, and the West Hollywood agreement includes no affirmative requirement that the City maintain unobstructed views.

Inglewood is the only City that approved the agreement without a public process. The WOW agreement was approved without a noticed public hearing, without competitive bidding, and without planning commission review. The comparable agreements went through public processes, including planning commission hearings, extensive advance notice to neighbors, and formal council votes with documented staff reports.

Estimated Revenues from 2025 WOW Agreement

We estimated potential revenues from the WOW kiosk agreement using advertising revenue data from prominent media companies, adjusted for the specific terms of the WOW contract and the characteristics of the Inglewood market.[9] These estimates are presented in **Figure 4**.

Figure 4
Estimated Annual City Revenue from WOW Kiosk Agreement

Scenario	Faces	Revenue Per Face	City Share (Effective)	City Revenue (Annual)
Phase I Minimum	20	\$50–\$75K	24–34%	\$280–\$440K
Mid Buildout	60	\$35–\$55K	24–34%	\$500–\$800K
Full Buildout	108	\$25–\$40K	24–34%	\$600K–\$1.1M

Our per-face revenue assumptions are based on publicly reported financial data from major out-of-home advertising operators, including JCDecaux (the world's largest operator of street-level kiosks and other outdoor advertising formats), Lamar Advertising, and OUTFRONT Media. From these aggregate figures, we estimate global average per-digital-screen revenue of roughly \$20,000–\$22,000 per year, with per-screen revenue in premium U.S. markets likely to be 50 to 100 percent higher. Our full-buildout estimates of \$25,000–\$40,000 per face fall within this estimated range. At lower buildout levels, we apply a venue-adjacency premium to reflect the kiosks' proximity to SoFi Stadium, the Intuit Dome, and the Kia Forum – one of the highest-traffic advertising environments in Southern California, particularly during major events such as the FIFA World Cup, Super Bowl, and Olympics. As buildout increases and additional inventory competes for a finite pool of local advertiser demand, per-face revenue converges toward industry norms.

Even setting aside the convergence toward industry norms entirely and applying the top of our per-face revenue range (\$75,000) uniformly across all 108 faces at full buildout,

[9] CMC estimates based on JCDecaux SE 2024 full-year results and publicly reported panel counts; adjusted for U.S. and Inglewood market premiums.

the City's annual revenue would still only be approximately $3.2 million per year – roughly 1.3 percent of the City's $238 million General Fund budget. This is not a figure that meaningfully changes the City's fiscal trajectory. The projected kiosk revenue is also significantly less than the $8 million the City has budgeted for billboard fees from all operators in FY 2025–26 – a figure that is itself historically optimistic and reflects revenue primarily from WOW's existing Spectaculars, which are much larger, more visible, and command premium advertising rates due to their freeway-facing locations.

Could the WOW Contract Reduce City Revenues?

The foregoing analysis shows that the WOW contract will do little to help the City's budget. A more troubling question is whether it could make things worse. The evidence suggests that there is a substantial risk that it could. The risk arises from the contract's potential to cause advertising saturation and to encourage "ambush marketing," both of which could reduce the current stream of venue-related revenues.

Advertising saturation reduces advertising effectiveness. Academic research consistently shows that increasing the density of advertising in an area produces diminishing returns. In a longitudinal analysis of ten magazines published in the *Journal of Advertising*, Ha and Litman found that advertising clutter yields negative circulation returns and diminishing advertising revenue returns once clutter levels exceed historical averages.[10] There is no question that the 2025 contract will increase density and clutter.

Dense advertising near venues creates ambush marketing risks. When non-sponsor advertising proliferates around sports and entertainment venues, it creates opportunities for "ambush marketing" – the practice of associating a brand with an event without paying sponsorship fees. This has adverse financial and economic implications for the venues, and, by extension, the City through loss of venue-related revenues. Academic and industry research has long established that ambush marketing can deliver substantial brand recognition at a fraction of the cost of official sponsorship, with some studies finding that consumers frequently misidentify ambushers as official sponsors. Writing in the MIT Sloan Management Review, Meenaghan observed that ambush marketing "simultaneously reduces the effectiveness of the sponsor's message while undermining the quality and value of the sponsorship opportunity that the event owner is selling."[11]

Breakeven analysis. To quantify the risks associated with advertising saturation and ambush marketing, we performed a breakeven analysis comparing projected WOW kiosk revenue to the potential loss in venue-related City revenues.

Based on our analysis of historical tax revenue data from the California State Controller's office, we estimate that Inglewood's entertainment district generates

[10] Ha, L. & Litman, B.R. (1997). "Does Advertising Clutter Have Diminishing and Negative Returns?" *Journal of Advertising*, 26(1), 31–42.
[11] Meenaghan, T. (1996). "Ambush Marketing – A Threat to Corporate Sponsorship." *MIT Sloan Management Review*, Fall 1996.

approximately $58 million per year in tax revenue to the City. This includes both direct venue taxes and indirect economic activity generated by venue attendance (e.g., restaurants, hotels, and retail spending driven by event traffic), as well as payments by the venues to employees and businesses in the community. Our estimate also takes into account the 2015 agreement between the City and HP, discussed previously, that provides for reimbursement of public infrastructure and services from the new tax revenue from Hollywood Park.

How venue revenue declines could occur. The academic literature on advertising clutter and ambush marketing, discussed above, establishes that dense advertising near venues can reduce the effectiveness and value of official sponsorships. But the practical risk to Inglewood is more specific and more consequential than a gradual erosion of advertising effectiveness. The presence of dozens of digital advertising screens on public sidewalks and medians surrounding SoFi Stadium, the Intuit Dome, and the Kia Forum creates a direct conflict with event and venue sponsor advertising at these venues. Screens operated by WOW could display advertising from brands that compete with official event sponsors – the textbook definition of ambush marketing.

The worst-case scenario is not a modest decline in advertising rates – it is the loss of major events entirely. If FIFA, the NFL, or the IOC, determines that Inglewood cannot adequately protect sponsor exclusivity because of contractual billboard obligations that the City cannot override (the WOW agreement includes vested rights and a 2,500-foot exclusivity zone that limits the City's ability to restrict WOW's operations), future events could be relocated to venues that can guarantee clean-zone compliance. Such developments would dwarf the entire annual kiosk revenue under any scenario.

Even short of losing events, sponsorship concerns could reduce the fees that event organizers are willing to pay for the right to use Inglewood's venues, which would flow through to lower admissions tax revenue, lower parking and sales tax revenue from reduced event attendance, and lower indirect spending in the surrounding area. The results of our breakeven analysis are summarized in **Figure 5** (next page).

Figure 5: Breakeven Analysis – Venue Revenue Decline Versus Billboard Revenue Gains

Venue Revenue Decline	Low Kiosk Revenue ($300K/yr)	Mid Kiosk Revenue ($700K/yr)	High Kiosk Revenue ($1.1M/yr)
1.26%	**BREAKEVEN**	Net positive	Net positive
2.0%	-$180K	Net positive	Net positive
2.93%	-$400K	**BREAKEVEN**	Net positive
4.61%	-$800K	-$400K	**BREAKEVEN**
5.0%	-$890K	-$490K	-$90K

The breakeven thresholds range from approximately 1 to 5 percent of exposed venue revenue. While these thresholds are wider than in a gross-revenue analysis, they remain modest in the context of an advertising and event-hosting industry where revenue fluctuations of 5-10 percent are routine. A 5 percent decline in venue-related revenues would leave the City worse off under every kiosk revenue scenario. And the risk of event relocations – which would produce revenue shocks far exceeding the breakeven thresholds – is not hypothetical, given the enormous amount of sponsorship dollars that are at stake.

We are not predicting a specific percentage decline or the loss of any specific event. We are observing that the margin of safety is thin, and that adverse impacts on advertising revenues and sponsorships for major events could easily swamp any imaginable City revenues from the WOW billboard contract.

Conclusion

Our analysis leads to three conclusions:

First, the City of Inglewood faces substantial fiscal challenges. While the venue boom has meaningfully improved the City's revenue base, growing pension, debt service, and other long-term obligations have absorbed those gains and left the operating budget with an $8.7 million gap between ongoing revenues and expenditures in FY 2025–26. Fixed obligations that grow on autopilot – pension contributions, POB debt service, OPEB costs, and claims payments – will likely consume an increasing share of revenues, placing more pressure on the budget over time. The City will need significant revenue growth, expenditure reform, or both to put its finances on a sustainable trajectory.

Second, the 2025 WOW contract does not meaningfully address these challenges. Even under optimistic assumptions, the contract will likely generate less than $1.1 million per year for the City – less than 0.5 percent of General Fund revenues. The contract's terms represent a significant step backward from the City's own prior WOW agreement on every measurable dimension and, compared to recent agreements in Santa Monica and West Hollywood, the 2025 agreement is the weakest on most major provisions.

Third, the contract creates risks to the City's most important revenue base. By authorizing dozens of digital advertising screens in close proximity to the City's most valuable venues, the agreement creates advertising saturation and ambush marketing risks that could erode venue-related revenues. Our breakeven analysis shows that a decline of just 1 to 5 percent in venue-related revenues would offset any billboard gains. More significantly, the agreement's vested rights and exclusivity provisions would appear to limit the City's ability to restrict billboard advertising near venues during major events – creating a potential conflict with the clean-zone requirements imposed by FIFA, the NFL, and the IOC, and putting at risk the City's ability to host future events that have transformed its fiscal position.

In short, the WOW contract trades a small and uncertain revenue stream for meaningful risks to the City's most important economic assets – its venues and the commercial relationships that sustain them. Rather than helping to address the City's fiscal challenges, the contract could aggravate them.

Appendix: Detailed Contract Comparison

The following table compares key provisions of the Inglewood/WOW 2025 agreement to two digital billboard agreements in the region and to Inglewood's own prior WOW deal. The West Hollywood comparator is the 2017 License Agreement for Street Furniture between the City and Outfront/Decaux Street Furniture, LLC, which covers bus shelters, kiosks, and related street-level digital advertising. The prior WOW column draws on the original 2015 agreement No. 16-035, as well as the First Amendment (June 2018), Second Amendment (December 2018), and a separate agreement in 2021 which authorized additional billboards under the terms set forth in the 2015 and 2018 agreements. Note that the agreements cover different types and scales of digital displays.

Provision	Inglewood/ 2025 WOW	Santa Monica Dec 2025	West Hollywood Furniture Lic. (Oct 2017)	Inglewood/ 2015 WOW (and Amendments)
Display Type / Format	Sidewalk/median kiosk-sized digital displays ("TINs"); ~98" diagonal (~29 sq ft per face); 1 or 2 faces per structure; up to 60 structures /108 faces.	Building-mounted digital displays; up to 1,000 sq ft per display; up to 16 displays districtwide.	Bus shelters (25 digital static, 25 digital full motion, 50 classic poster) and Bike Station Kiosks (15 classic poster panels). Total: 115.	Large-format freeway-facing and street-level digital Spectaculars; 10 locations / 19 faces. Sites 1–6 = Street Faces; Sites 7–10 = Freeway Faces.
Revenue Share	40% of "Gross Revenue" (as defined below).	20% of gross revenue (no deductions in ordinance).	32% of Net revenues up to $5.5M; 40% of net revenues between $5.5M and $6.5M; 50% of net revenues above $6.5M. Revenue payment = applicable percentage of net revenues minus MAG already paid.	50% of gross revenue (as defined below) for all sites. Threshold increases to 80% when aggregate gross revenue exceeds $4,224,000/yr (street) or $7,680,000/yr (freeway). First Amendment reduced 80 to 55% for freeway faces.
Effective City Share	~24–34% of gross revenues. Lower if major repairs occur.	20% (no deductions).	32% to 50% of net revenues.	45%–70% of gross revenue (after deductions).

Provision	Inglewood/ 2025 WOW	Santa Monica Dec 2025	West Hollywood Furniture Lic. (Oct 2017)	Inglewood/ 2015 WOW (and Amendments)
Revenue Definition	"Gross Revenue" = raw ad revenue minus operating costs (capped at 25%) paid to unaffiliated third parties minus electricity costs (uncapped). Separate deduction allowed for 40% of repair/replacement costs exceeding $100,000.	Gross revenue; no deductions specified in ordinance.	"Net revenue" equals gross revenues from advertising and sponsorship less agency commissions and taxes paid by licensee (excluding income taxes) No deduction for operating costs, electricity, or maintenance.	Raw ad revenues minus actual fees and costs paid to unaffiliated third parties; capped at 20% of aggregate gross. No separate deduction for electricity, or for major repairs.
Minimum Annual Guarantee	$1,000/month/face ($12K/yr).	$500K/display/yr escalating 3%/yr.	Escalating MAG over 10-year term: Year 1: $1,250,000; Year 2: $1,750,000; Years 3–10: $1,800,000 to $2,150,000.	$5,000–$10,000/face/month; total $155,000/month ($1,860,000/yr) across 19 faces.
Default Term	40 years (20 + two auto 10-yr renewals; only WOW opts out).	30 years.	10 years from commencement date, with 2 five-year optional extensions.	10 years initial + four 5-year auto-renewal options = 30 years max. Extended to 20 years + options by Second Amendment (Dec 2018).
Exclusivity Zone	2,500 ft radius around each kiosk.	None cited in ordinance.	No radius-based exclusive zone around installations.	1,000-foot radius around each Premises location. First Amendment expanded to 1,500 ft for certain sites.
Vegetation Removal	City must remove trees/structures blocking views.	City has no duty to remove vegetation.	No city vegetation removal obligation.	"Lessor shall not allow any new structure, or any tree or vegetation on City Property to obstruct the view of any Billboards or Faces."

Provision	Inglewood/ 2025 WOW	Santa Monica Dec 2025	West Hollywood Furniture Lic. (Oct 2017)	Inglewood/ 2015 WOW (and Amendments)
Upfront Payment / Community Benefit	None.	One-time $500K contribution per display.	$7 million capital investment by licensee over the term for fabrication, installation, and maintenance of all street furniture.	$100,000/face for Street sites; $250,000/face for Freeway sites. Total: $3,100,000. Reduced to $75,000/face for one relocated site by Second Amendment.
City Content	5% of display time.	20% of display time.	One standard slot in every five minutes at each digital display for public service messages – equivalent to 20% of display time.	10% of display time for PSAs (amber alerts, emergency messaging). City derives no revenue from PSA time.
Approval Process	No public hearing, no competitive bid, no planning review.	Planning Commission + City Council (6-0 vote), EIR, public comment.	Competitive RFP process.	Council approval; no public hearing documented in staff reports or amendments.
Pandemic / Force Majeure	Rent excused during pandemic or force majeure.	Not specified in ordinance.	Not specifically addressed in the agreement text.	Force majeure referenced as cure-period extension, no specific pandemic provision or rent excusal.
Assignment	Assignable without City consent.	Subject to DA terms.	Not specifically addressed in the agreement text.	Assignable without consent; assignee must assume obligations in writing and be comparably qualified.