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Title: CONSIDER AN AGREEMENT WITH 3M BILLBOARDS, LLC FOR THE PLACEMENT OF NETWORKED DIGITAL BILLBOARDS LOCATED ALONG FREEWAYS THROUGHOUT THE CITY

Sponsors:

Indexes:

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Attachments: 1. Carson Term Sheet for 3M

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, January 03, 2023

Consent

SUBJECT:

CONSIDER AN AGREEMENT WITH 3M BILLBOARDS, LLC FOR THE PLACEMENT OF NETWORKED DIGITAL BILLBOARDS LOCATED ALONG FREEWAYS THROUGHOUT THE CITY

I. SUMMARY

3M Billboards, LLC (the “Proposer”) has made a proposal to the City for a system of networked digital billboards to be located in Carson along the freeways. There were issues to be worked out through the negotiation process that the City Council made on the floor during the October 18, 2022 City Council meeting.

At the request of Councilmember Jim Dear, 3M Billboards, LLC provided staff an updated Public Private Partnership (:p3”) agreement that would capture the needs that would be benefit the City of Carson and 3M Billboards, LLC (the “Proposer”)

II. RECOMMENDATION

1. APPROVE an agreement provided by staff that leaves the financial terms consistent with the Development Agreement P3, but revised that raises critical issues discussed

herein (agreement to be walked on at Council meeting).

III. ALTERNATIVES

TAKE another action the Council deems appropriate.

IV. BACKGROUND

In 2021, the Proposer approached the City about installing four digital billboards on the District at South Bay (“157 Acre”) property, currently owned by the Carson Reclamation Authority (“CRA”). The City’s and CRA’s ability to negotiate for a third party to take over the billboard development on the property was limited because of the rights of CAM-Carson, LLC (Simon and Macerich) and Carson Goose Owner, LLC, which are contained in the Development Agreements approved for those projects on that site.

The Proposer then modified its proposal to pivot away from the District site. Instead, they proposed up to 15 surface street digital outdoor advertising displays located on public and/or private property in each of seven “Potential Network Areas.” The exact location of each of the displays is to be mutually selected by the Proposer and the City, but the seven Potential Network Areas have been chosen to reach the greatest number of motorists and make the Networked Displays more effective in terms of communicating with the public and maximizing revenue to the City.

Once the final locations of each of the Networked Displays has been agreed upon, the City would agree to not allow any other billboard to be constructed within a 1,000-foot radius of each.

A single unique, large format digital outdoor advertising display (the “Carson-Skyline Spectacular”) would be constructed on a property to be mutually selected by the Proposer and the City in a “Special Use District” to be established close to the SouthBay Pavilion Mall in Carson.

The Networked Displays are also intended to both allow instantaneous, emergency communications with motorists and to raise revenue for the City. The networking of the displays will allow unique benefits to the City not available from individually operated outdoor advertising displays, as the same message can be broadcast to motorists on a near instantaneous basis to address any emergency situation. The single Carson-Skyline Spectacular and its proximity to freeway exits near the Mall is intended to economically revitalize the Mall by drawing motorists off the freeway to patronize local businesses.

3M Billboards, LLC (the “Proposer”) previously made a proposal to the City for a system of networked digital billboards to be located in Carson along the freeways. There were issues to be worked out through the negotiation process, including securing (privately-owned) sites for the billboards, design and entitlement, and approval by Caltrans of their location. The City would receive fees from the Proposer for the right to locate such signs, as it currently does from all billboard owners, and such fee structure is also to be negotiated. Given the number of issues to be resolved and to further the negotiation, Mayor Lula Davis -Holmes created an ad hoc subcommittee comprised of herself and the Mayor Pro Tem

Jawane Hilton to meet with Staff and the Proposer to gather more detailed information about the proposal.

On October 18, 2022, The Ad Hoc Subcommittee's recommendations outlined the major deal points to be included in a Development Agreement or other appropriate agreement to be negotiated. These recommendations were brought before the City Council with several changes made on the floor after heavy deliberation to capture the proposed and agreed upon deal points.

On the week of December 26, 2022 staff received an updated agreement that would further outline the Proposer and City's concerns. The recommendations from that agreement provided to staff have a few aspects that need to be addressed:

- Process to approve location of signs needs to be addressed
- The CRA property cannot be interfered with as it would violate the Development Agreement with Cam-Carson.
- Section 3e defining "Calculating Net Revenue" needs to be clarified as well as "Unaffiliated Third Parties" is vague when defined.
- Auditing rights are not consistent with other developer agreements where the City is compensated for any audit costs.
- The CEQA provision is illegal in the way its described in the agreement by stripping the City of its discretionary land use powers.

In addition, this proposed P3 is not in line with the City's format agreement forms, but staff will convert the Proposer's agreement to be consistent with all other City agreements.

V. FISCAL IMPACT

The City would receive fees from the Proposer for the right to locate such signs, as it currently does from all billboard owners. Given the number of billboards and the revenue potential of the Spectacular sign in particular, the proposal could result in significant annual revenue for the City. In addition, the Proposer is paying the City's legal and other costs of the negotiation process through a reimbursement agreement.

VI. EXHIBITS

1. Approved Term Sheet (pgs. 4-7)

Prepared by: City Manager's Office