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

Sponsors:

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Attachments: 1. EXHIBIT NO. 1 CARSON - TERM SHEET FOR 3M BILLBOARDS FINAL

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

Tuesday, October 18, 2022

Discussion

SUBJECT:

CONSIDER A TERM SHEET 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 are 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 resolve and to further the negotiation, the Mayor created an ad hoc subcommittee comprised of herself and the Mayor Pro Tem to meet with Staff and the Proposer to gather more detailed information about the proposal. The Term Sheet represents the Ad Hoc Subcommittee’s recommendations outlining the major deal points to be included in a Development Agreement or other appropriate agreement to be negotiated.

The resulting agreements would be a Public Private Partnership (“P3”), with each sign subject to City Council approval.

II. RECOMMENDATION

1. **APPROVE** a Term Sheet with 3M Billboards, LLC in a form acceptable to the City Attorney.

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.

As noted above, such a proposal creates issues to be worked out through the negotiation process, including the structure of the P3, securing (privately-owned) sites for the billboards, design and entitlement (through the City’s Planning process), approval by

Caltrans of each of the locations, and the amount of revenue received by the City for each of the signs. Given the number of issues, the Subcommittee is proposing that the Council approve a Term Sheet outlining the major deal points to be included in a Development Agreement of other appropriate agreement to be negotiated. The Term Sheet creates some milestones from the Proposer to meet and can be amended and extended based on satisfactory performance.

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. Term Sheet (pgs. 4-7)

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