



## Legislation Text

File #: 2017-474, Version: 1

### Report to Mayor and City Council

Tuesday, June 20, 2017  
Special Orders of the Day

#### **SUBJECT:**

**PUBLIC HEARING TO INTRODUCE ORDINANCE NO. 17-1624 FOR CONSIDERATION OF DEVELOPMENT AGREEMENT NO. 9-16 BETWEEN THE CITY OF CARSON AND BECKER BOARDS SMALL, LLC TO INSTALL ONE OUTDOOR ADVERTISING SIGN ("DIGITAL BILLBOARD") ALONG THE PORTION OF THE SR-91 FREEWAY BETWEEN AVALON BOULEVARD AND CENTRAL AVENUE, DIRECTLY ABUTTING THE NORTH SIDE OF THE SR-91 FREEWAY AND EXTENDING TO THE NORTH SIDE OF ARTESIA BOULEVARD, IN A PROPERTY LOCATED AT APN 7319-033-064, ZONED ML-D (CITY COUNCIL)**

#### **I. SUMMARY**

Staff is recommending continuing the public hearing because the City Council Resolution No. 09-050 requires development agreements to be reviewed by the Planning Commission prior to approval by the City Council. However, CMC Section 9146.7 is in conflict with this resolution because it requires only City Council consideration for development agreements. Staff recommends the City Council to refer this item to the Planning Commission to comply with Resolution No. 90-050.

Considering approval of Development Agreement No. 9-16 (Agreement) requires approval of Zone Text Amendment No. 24-16 (Exhibit No. 1). If Zone Text Amendment No. 24-16 is not approved by the City Council, no further action is needed on the Agreement. The proposed Agreement is between the City of Carson and Becker Boards Small, LLC ("Becker Boards") to construct a digital billboard. The Agreement further describes the terms, fees, community benefits and other related matters for the proposed billboard.

#### **II. RECOMMENDATION**

1. OPEN the public hearing, TAKE public testimony, CONTINUE the public hearing to July 5, 2017, and REFER to Planning Commission; OR
2. If Zone Text Amendment No. 24-16 is not approved, the City Council does not

need to take further action on Development Agreement No. 9-16.

### III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

### IV. BACKGROUND

The proposed digital billboard will be located at the south end of the project site (840 E. Walnut Street, APN 7319-033-064) adjacent to the north side of Artesia Boulevard between Avalon Boulevard and Central Avenue. All freeway-oriented digital billboards have consistent maximum height and size as these standards are strictly regulated by Caltrans. All standards and requirements that apply to the I-405 Freeway and the I-110 Freeway Corridors apply to the SR-91 Freeway Corridor. The digital billboard has an overall height of 56 feet (42 feet above the freeway) with two faces: 14-foot (tall) by 48-foot (wide) which meet the requirements of the code.

#### Analysis

##### *What is a Development Agreement?*

State law allows cities to enter into Development Agreements with private parties. The Development Agreement is a legal, binding contract between a city and any person having a legal or equitable interest in the property. The agreement must clearly outline conditions, terms, restrictions and requirements. Once a Development Agreement is approved by the City Council, the rules of development for that project cannot change even if the zoning code or other development codes are changed.

##### *Deal Points*

The most important parts of Development Agreements are the financial and non-financial deal points that are agreed upon between the City and the applicant. There are no established rules or policies when negotiating these deal points as each proposal is unique and should be considered on its own merits. This Development Agreement includes four basic deal points including the term or length of the Development Agreement, the fees the developer must pay to the City, community wide benefits, and urban design enhancements. The following provides a brief discussion of each of these deal points:

#### Term

The term of the Becker Boards Agreement is for 30 years. All three Agreements approved for Bulletin Displays, Outfront Media, and Clear Channel Outdoor (CCO) had 20 years terms. The term dictates the length of time that Carson and Becker Boards are obligated to the deal points in the agreement. Both parties can agree to extend the term of this DA or negotiate a new DA after its expiration.

#### Fees

Becker Boards has agreed to pay a flat development fee to the City on an annual basis for the duration of the term as shown in the table below:

<b>Year 1</b>	\$125,000	<b>Year 11</b>	\$100,000	<b>Year 21</b>	\$121,000
<b>Year 2</b>	\$100,000	<b>Year 12</b>	\$100,000	<b>Year 22</b>	\$121,000
<b>Year 3</b>	\$100,000	<b>Year 13</b>	\$100,000	<b>Year 23</b>	\$121,000
<b>Year 4</b>	\$100,000	<b>Year 14</b>	\$100,000	<b>Year 24</b>	\$121,000
<b>Year 5</b>	\$100,000	<b>Year 15</b>	\$100,000	<b>Year 25</b>	\$121,000
<b>Year 6</b>	\$100,000	<b>Year 16</b>	\$110,000	<b>Year 26</b>	\$133,100
<b>Year 7</b>	\$100,000	<b>Year 17</b>	\$110,000	<b>Year 27</b>	\$133,100
<b>Year 8</b>	\$100,000	<b>Year 18</b>	\$110,000	<b>Year 28</b>	\$133,100
<b>Year 9</b>	\$100,000	<b>Year 19</b>	\$110,000	<b>Year 29</b>	\$133,100
<b>Year 10</b>	\$100,000	<b>Year 20</b>	\$110,000	<b>Year 30</b>	\$133,100

The Agreement requires Becker Boards to pay the City a total \$3,345,500 over 30 years with an average of \$111,517 per year. The following provides a summary of the revenues generated from three previously approved digital billboards:

- Bulletin Displays: \$500,000 flat fee + alternative fee equaling potentially \$2,000,000 for 20 years for an average of \$100,000 annually (including alternative fee which may not be realized).
- Outfront: \$1,375,666 flat fee + alternative fee equaling potentially \$3,128,124 for 20 years for an average of \$156,406 annually (including alternative fee which may not be realized).
- Clear Channel: \$2,223,302 flat fee for 20 years for an average of \$111,165 annually.

As evident from the numbers above, the City has negotiated an agreement with Becker Boards that is consistent or better than the Agreements approved previously.

### **Community Benefits**

The Agreement provides the following community benefits:

- Provide advertising space free of charge to City on a space-available basis for public service announcements of noncommercial city sponsored civic events; and

- Offer a 10% discount off of its applicable rate card fees for the display of advertising on the New Digital Billboard to any business that has its principal place of business in the City of Carson and is a member in good standing of the Carson Chamber of Commerce.

### **Prohibited Displays**

The DA prevents the developer from utilizing any of the displays on the New Digital Billboard to advertise smoking substances or paraphernalia, including but not limited to tobacco, marijuana, “gentlemen’s clubs,” or other related sexually explicit or overly sexually -suggestive messages, or as may be prohibited by any City ordinance existing as of the effective date of the agreement.

### **Urban Design Enhancements**

Agreement did not include urban design enhancement provisions for existing billboards since they do not control any other signs within the City.

### **Conclusion**

The Agreement permits Becker Boards to construct, use and collect associated revenues from the new digital outdoor advertising sign for 30 years. The Agreement provides the City with several benefits as mentioned above.

### **CEQA**

The proposed Project was reviewed under the requirements of the California Environmental Quality Act (CEQA). Pursuant to CEQA, the City of Carson (City) reviewed the environmental impacts of the proposed project and a Negative Declaration was determined since the project has no potential to cause a significant effect on the environment.

## **V. FISCAL IMPACT**

The proposed project will generate \$3,345,500 over the 30-year term of the Agreement.

## **VI. EXHIBITS**

1. Draft Ordinance No. 17-1624 and Development Agreement (pgs. 5-46)

1.

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