



CITY OF CARSON

Legislation Text

File #: 2017-525, Version: 1

Report to Mayor and City Council

Wednesday, July 05, 2017

Special Orders of the Day

SUBJECT:

CONTINUED 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

On June 20, 2017, the City Council approved Zone Text Amendment No. 24-16 creating the SR-91 Corridor and allowing construction and operation of one digital billboard with the approval of a Development Agreement (Agreement). This item was continued from the June 20, 2017 meeting to allow the Planning Commission to review and provide a recommendation to the City Council. On June 27, 2017, the Planning Commission approved the Agreement with a 9-0 vote. 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 (EXHIBIT No. 1).

II. RECOMMENDATION

1. OPEN the public hearing, TAKE public testimony, CLOSE the public hearing;
2. WAIVE further reading and INTRODUCE Ordinance No. 17-1624, entitled "AN ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, APPROVING DEVELOPMENT AGREEMENT NO. 9-16 BETWEEN THE CITY OF CARSON AND BECKER BOARDS SMALL, LLC TO INSTALL ONE 56-FOOT-HIGH 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.”

1.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Planning Commission Action

On June 27, 2017, the Planning considered the Agreement and approved it 9-0 adopting Resolution No. 17-2605 (Exhibit No. 2). In approving the Agreement, the Planning Commission (PC) discussed the following:

Display of City Messages

The Planning Commission had considerable discussion regarding Section 2.7.1 of the Agreement which is the same language used for all other digital billboard Agreements. This section states:

“Developer shall also provide advertising space free of charge to City on a space-available basis for public service announcements of noncommercial city sponsored civic events (“City Messages”).”

The Planning Commission was concerned that with the current language of the Agreement, Becker Boards may not display City Messages since the language includes the “space-available” phrase. The Developer assured the Planning Commission that as the owner of the company he can assure the City that City messages will be displayed. However, the Planning Commission recommends to the City Council to include language in the Agreement to require the developer to display City Messages when requested. After the conclusion of the Planning Commission meeting, staff discussed this recommendation with the developer. The developer does not feel comfortable to a guaranteed number of hours for City Messages. However, he assured staff that City Messages will be displayed. Staff discussed City Messages with City’s Public Information Officer (PIO) who coordinates display of City Messages with the billboard companies. She confirmed that she has always been able to display City Messages on the existing billboards. Based on the fact that the developer has not agreed to a specific commitment to display City Messages, staff is not in a position to recommend specific language as requested by the Planning Commission.

Content of City Messages

The Planning Commission discussed the intent of City Messages was to display City related events and not promoting events associated with individual Councilmembers. The Planning Commission recommended when pictures of Council members are displayed on City messages, the picture of the entire City Council should be displayed. This recommendation is not directly related to the Agreement; therefore, staff is not recommending changes to the Agreement. To address Planning Commission’s concerns, the City council could consider a policy on the content of City Messages.

Discount Advertising

The Planning Commission had discussions regarding limiting the advertising discount available for businesses that are members of Carson Chamber of Commerce. Section 2.7.2 of the Agreement states:

“Developer shall 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.”

Instead the Planning Commission recommended to City Council to revise the Agreement to apply the 10% discount to all businesses in Carson. Staff recommends the following language to carry out the Planning Commission’s recommendation:

“Developer shall 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: 1) has its principal place of business in the City of Carson; and, 2) is in possession of a valid and current City of Carson business license and/or is a member in good standing of the Carson Chamber of Commerce.”

The developer has agreed to this language and the Agreement has been revised to include this language.

Analysis

Digital Billboard Description

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.

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 (Exhibit No. 1).

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:

Year 1	\$125,000	Year 11	\$100,000	Year 21	\$121,000
Year 2	\$100,000	Year 12	\$100,000	Year 22	\$121,000
Year 3	\$100,000	Year 13	\$100,000	Year 23	\$121,000
Year 4	\$100,000	Year 14	\$100,000	Year 24	\$121,000
Year 5	\$100,000	Year 15	\$100,000	Year 25	\$121,000
Year 6	\$100,000	Year 16	\$110,000	Year 26	\$133,100
Year 7	\$100,000	Year 17	\$110,000	Year 27	\$133,100
Year 8	\$100,000	Year 18	\$110,000	Year 28	\$133,100
Year 9	\$100,000	Year 19	\$110,000	Year 29	\$133,100
Year 10	\$100,000	Year 20	\$110,000	Year 30	\$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. 7-48)
2. PC Staff Report (pgs. 49-62), Excerpt PC Minutes (page 63-64), and Signed PC Resolution No. 17-2605 Dated July 5, 2017 (pgs. 65-105)

Prepared by: McKina Alexander, Associate Planner