



# CITY OF CARSON

## Legislation Text

File #: 2021-882, Version: 1

### Report to Mayor and City Council

Tuesday, November 16, 2021

Special Orders of the Day

#### **SUBJECT:**

**PUBLIC HEARING FOR CONSIDERATION OF INTRODUCING ORDINANCE NO. 21-2119 FOR APPROVAL OF DEVELOPMENT AGREEMENT NO. 22-19 FOR REMOVAL OF TWO EXISTING DIGITAL PYLON SIGNS AND INSTALLATION OF A NEW DOUBLE-SIDED DIGITAL OUTDOOR ADVERTISING SIGN AT THE WIN AUTO DEALERSHIP LOCATED AT 2201 E. 223<sup>RD</sup> STREET, APN 7315-040-013 (CITY COUNCIL).**

#### **I. SUMMARY**

Win Chevrolet Properties, LLC (“Developer”), has requested to enter into a development agreement with the City remove two existing on-premises digital pylon signs advertising Win Chevrolet and Win Hyundai and install one new double-sided outdoor digital advertising sign (“Billboard”) measuring approximately 64’ feet high from ground level at the dealership. The proposed Billboard will advertise both brands, Chevrolet and Hyundai, as well as allowing off premise advertising similar to other billboards the City has approved in the past.

The Developer also requested approval of Variance No. 570-19 to allow the proposed Billboard to exceed the 45’ foot maximum height allowed in the CA zone to have better exposure from southbound I-405. On September 28, 2021, the Planning Commission conducted a public hearing and voted unanimously to approve Variance No. 570-19 and recommended that the City Council approve Development Agreement No. 22-19.

The 30-year development agreement requires the Developer to pay the City an annual fee of \$40,000 (adjusted every three years by 6%), which is approximately \$100,000 lower than the last billboard the City Council approved. This reduction was considered by both staff and the Planning Commission and found to be acceptable since the Developer, through the dealership, generates significant sales tax for the City, is removing two existing Win Chevrolet and Win Hyundai freeway-oriented signs reducing the proliferation of signs in this segment of the freeway. In addition, the Billboard will not be used full time to generate revenues for the Developer. Instead, the Billboard will advertise the dealerships on a part-time basis. The Development Agreement does not specify the percentage of advertisement for the dealerships and revenue generating billboard advertisement.

## **II. RECOMMENDATION**

TAKE the following actions:

1. OPEN the public hearing, TAKE public testimony, and CLOSE the public hearing; and
2. INTRODUCE, for first reading by title only and with further reading waived, Ordinance No. 21-2119, entitled, “AN UNCODIFIED ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, APPROVING DEVELOPMENT AGREEMENT NO. 22-19 BETWEEN THE CITY OF CARSON AND WIN CHEVROLET PROPERTIES, LLC, TO (1) REMOVE TWO EXISTING DOUBLE-SIDED ON-SITE DIGITAL SIGNS AND (2) INSTALL ONE 64-FOOT HIGH DOUBLE-SIDED OUTDOOR ADVERTISING SIGN (“REPLACEMENT DIGITAL BILLBOARD”) ALONG A PORTION OF THE I-405 FREEWAY CORRIDOR, ZONED CA, LOCATED AT 2201 E 223 STREET (APN 7315-040-013).

## **III. ALTERNATIVES**

TAKE any other action the City Council deems appropriate and is consistent with the requirements of law.

## **IV. BACKGROUND**

The subject property is located along the southern side of the I-405 Freeway corridor between Wilmington Avenue and Alameda Street. The subject property was originally developed between 1965 and 1970 as four distinct buildings. Two pylon signs were installed in 2012 and a fifth building was developed in 2013. Carson Municipal Code Section 9146.7 (Signs) states that billboards are permitted in the City within four designated freeway corridors: Alameda Corridor, I-405 Freeway, SR-91 Freeway and I-110 Freeway subject to Zoning Ordinance development standards and a Development Agreement.

The proposed Billboard is within the I-405 Freeway’s “Alameda Street portion,” which is defined by Section 9146.7 (A)(3) as “that portion of the I-405 Freeway that is between the west line of Alameda Street and a point that is two thousand one hundred (2,100) feet west of the west line of Alameda Street (“Alameda Street Portion”).

As part of the Development Agreement, the Developer will remove two existing on-premises dual-faced digital freeway signs at 2201 E 223<sup>rd</sup> Street (APN 7315-040-013). The Existing Signs consist of (i) a 47’ foot-tall digital sign advertising the Win Chevrolet dealership (the “Win Chevrolet Sign”) and (ii) a 54’ foot 7” inch tall digital sign advertising Win Hyundai dealership (the “Win Hyundai Sign”).

### **Development Agreement**

Under State Law, cities have a right to enter agreements with private parties to strengthen the public planning process, encourage private participation in comprehensive planning

and reduce the economic risk of development. Development agreements are often used in large, complex projects and in projects that have a long lead time, multiple phases, or a long development period, to give the Developer certainty in regard to the entitlements and other governmental actions. The Development Agreement is a binding contract between a city and any person or entity having a legal or equitable interest in a property. The Development Agreement includes three basic elements: length of term, developer fees to the city and prohibited uses.

#### Negotiations

The dealership is a long-standing business member of the City and have contributed to the economic development and success of the City including generating significant annual sales tax.

As part of the Billboard proposal, the Developer proposed to remit an annual fee of \$25,000 for the Billboard. In addition, they proposed to retain \$15,000 of the annual fee remittance to recoup the entitlement fees required to process the Development Agreement to obtain approval for the billboard.

While the contribution of the property owner cannot be undermined, staff believed that the annual remittance amount was quite low. In addition, the entitlement fees are charged by the City to recoup staff time spent towards the project and retaining annual remittance to recoup entitlement costs by the property owner was not justified.

After further negotiations, the Developer agreed to raise the annual remittance amount to \$40,000 and to not withhold any amount spent towards entitlement costs. In addition, the Developer will not be eligible for any additional (static or digital) freeway-oriented signs on the Site during the Term of this Agreement.

#### Term

Unless earlier terminated as provided in the Development Agreement, the Development Agreement shall continue in full force and effect until the earlier of

- (i) 30 years after the Commencement Date, as defined in Section 1.1.5,
- (ii) The expiration or earlier termination of Developer's interest in the 405 Freeway Site per Section 4.1,
- (iii) Termination of the Agreement in the event of a material Default by Developer per Section 6.1.1 or in the event of a material Default by City per Section 6.1.2,
- (iv) The permanent removal of the Billboard pursuant to the terms hereof. In such case, Developer shall completely remove the above-ground portions of the Replacement Digital Billboard within the times and as provided under Section 4.1.

Notwithstanding the foregoing to the contrary, City and Developer may agree to extend the Term of this Agreement pursuant to a mutual agreement in writing upon terms acceptable to both parties.

## **V. FISCAL IMPACT**

The Development Agreement will supplement the general funds via independent development fees paid by Developer to City for the Billboard to adequately mitigate

potential impacts. The Development Fee to City as applied to the Billboard will commence at \$40,000 per annum, and the applicable annual rate will be increased by six percent (6%) once every three years throughout the term of the Agreement.

## **VI. EXHIBITS**

1. Ordinance No. 21-2119 (pgs. 5-53)
  - a. Legal Description (pgs. 10-11)
  - b. Development Agreement (pgs. 12-53)
2. Planning Commission Resolution No. 21-2715 (pgs. 54-56)
3. Planning Commission Meeting minutes (pgs. 57-60)

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