



Staff Report

File #: 23-0901

REQUEST FOR CITY COUNCIL ACTION

DATE: 11/01/2023

TO: Honorable Mayor and City Council Members

FROM: Planning and Development Department
Legal & Risk Management Department

SUBJECT:
FIRST AMENDED CONSOLIDATED AND RESTATED BILLBOARD RELOCATION AGREEMENT BETWEEN THE CITY OF CORONA AND LAMAR CENTRAL OUTDOOR

EXECUTIVE SUMMARY:

This staff report asks the City Council to enter into a First Amended Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor which will make a slight adjustment to the agreement approved by the Council in May of this year. The May agreement allowed Lamar Central Outdoor to change-out three static billboard panels to electronic changeable message boards on two of their billboard structures within the City, in exchange for better compensation terms for the City. Lamar Central Outdoor has asked for this Amended version in order to change the Company's Annual Monetary Value obligations from a fiscal year to an operational year basis and to make other clarifying revisions.

RECOMMENDED ACTION:

That the City Council authorize the Mayor to execute the First Amended Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor.

BACKGROUND & HISTORY:

Corona Municipal Code Chapter 17.74, the City's Sign Ordinance, prohibits off-premises and outdoor advertising signs (billboards) per Section 17.74.160, but does allow for relocation agreements entered into between the City and billboard owners.

On May 17, 2023, the City and Lamar Central Outdoor ("Lamar") entered into a Consolidated and Restated Billboard Relocation Agreement which: (1) consolidated two separate relocation agreements dating as far back as 2006 into one agreement; (2) standardized the minimum compensation to be paid to the City for electronic changeable message boards (CMB) at \$50,000; (3) increased the threshold at which increases to that amount would be implemented from 12% adjusted gross

advertising revenue to 12% gross advertising revenue; (4) allowed Lamar to add three additional CMB's; (5) adjusted and standardized the CMB payment timing to a fiscal year basis (July 1st); and (6) made other clarifying changes.

ANALYSIS:

Lamar is a publicly traded company. Following the May approval of the Consolidated and Restated Billboard Relocation Agreement, Lamar's corporate attorneys advised them that they could not change the CMB payment timing to a fiscal year basis, and that the timing had to be based upon the annual commencement day of the payments (which was based upon the original construction date of each CMB).

Accordingly, this First Amended Consolidated and Restated Billboard Relocation Agreement will address those corporate concerns. Since the original agreements did not lay out this timing as well as they could have and did not clearly match how this annual commencement payment timing had evolved in practice, we have changed the language to make this process abundantly clear for not only Lamar, but also the City's finance team.

This First Amended Agreement therefore creates the defined term "Operational Year" as follows:

The first operational year shall commence on the Construction Date and end on the last day of the month immediately preceding the twelfth (12) month anniversary of the Construction Date, as well as each subsequent twelve (12) month period thereafter ("Operational Year").

Thus, the City will determine whether \$50,000 or 12% Gross Revenue should be paid on each CMB at the end of that CMB's "Operational Year" rather than doing so for all CMB's at the end of the City's Fiscal Year. The Finance Department has reviewed this change and says that they can accommodate the change.

Finally, the City has also requested the removal of a provision that required the City to indicate, before the beginning of each fiscal year, whether it would be using any of its city announcement time on the CMB. Lamar has agreed to that change and other minor clarifying changes.

FINANCIAL IMPACT:

The First Amended Consolidated and Restated Billboard Relocation Agreement with Lamar will not result in any fiscal change from the Consolidated and Restated Billboard Relocation Agreement approved in May, 2023.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is

no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The Agreement between the City and Lamar Central Outdoor revises certain terms of an existing Agreement and there is no possibility that approving this agreement will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JOANNE COLETTA, PLANNING AND DEVELOPMENT DIRECTOR
DEAN DERLETH, CITY ATTORNEY AND LRM DIRECTOR

Attachments:

1. Exhibit 1 - First Amended Consolidated and Restated BBRA (REDLINE)
2. Exhibit 2 - First Amended Consolidated and Restated BBRA (CLEAN)