



Staff Report

File #: 23-0452

REQUEST FOR CITY COUNCIL ACTION

DATE: 05/17/2023

TO: Honorable Mayor and City Council Members

FROM: Planning and Development Department

SUBJECT:

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 Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor. The City originally entered into a Billboard Relocation Agreement with Lamar Central Outdoor ("Lamar") in November 2006. The City also entered into an Assignment and Assumption Agreement with Lamar in 2014, whereby Lamar acquired the rights to a Billboard Relocation Agreement the City had entered into with Empire Outdoor Advertising in 2012. Over the years, the Agreements have been amended to document certain changes. Lamar is proposing to change-out three static billboard panels to electronic changeable message boards on two of their billboard structures within the City, and are willing to do so in exchange for better compensation terms for the City. The Agreements are now being consolidated and restated in their entirety so that the City only has one Agreement with Lamar and to address these changes.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the Mayor to execute the Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor.
- b. Authorize an estimated revenue increase in the amount of \$50,000 in the General Fund 110 for Fiscal Year 2024.

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.

Lamar Central Outdoor entered into a Billboard Relocation Agreement with the City in November 2006. The Agreement allowed Lamar to relocate existing billboards from one location to another location and to change some of the static billboard panels to electronic changeable message boards. Additionally, the Agreement established an annual monetary payment that Lamar would pay the City on each billboard panel that was an electronic changeable message board. The annual monetary payment established in 2006 was \$40,000 per electronic changeable message board.

Over the years, the Agreement was amended to document the relocation of certain billboards to new locations and to change-out static panels to electronic changeable message boards. A total of three amendments to the Agreement occurred in 2008, 2010 and 2014.

Lamar also acquired a billboard from Empire Outdoor Advertising, which had a Billboard Relocation Agreement with the City for that billboard, dated July 18, 2012. That Agreement was thus amended and assigned to Lamar in 2014 at the time Lamar acquired the billboard. The monetary payment to the City on this billboard is \$50,000 per electronic changeable message board annually.

Lamar currently has billboard structures at seven locations, with a total of 11 billboard panels in the City. Four of the billboard structures are double-sided (8 billboard panels), and three billboard structures are single-sided (3 billboard panels). Of the 11 billboard panels, eight are electronic changeable message boards and three are static panels.

The following table identifies the location of the billboard structures, the number of billboard panels on each structure and the annual monetary payment to the City on the changeable message boards.

Existing Lamar Billboards & Annual Monetary Payment on Changeable Message Boards

#	Location	# of Panels	# of Changeable Message Boards (CMB)	# of Static Panels	Annual Monetary Payment to City on CMB
1	State Route 91 (south side) at 1773 Delilah Street	1	1	0	\$40,000 or 12% Adjusted Gross Revenue (AGR), whichever is higher
2	State Route 91 (north side) at 1790 Pomona Road	2	2	0	\$40,000 x 2 or 12% AGR, whichever is higher
3	State Route 91 (south side) at 2503 Anselmo Drive	2	1	1	\$40,000 or 12% AGR, whichever is higher
4	Interstate 15 (west side) at Ontario Avenue	1	1	0	\$40,000 or 12% AGR, whichever is higher

5	Interstate 15 (west side) at Ontario Avenue (500' north of Ontario Avenue)	1	1	0	\$40,000 or 12% AGR, whichever is higher
6	Interstate 15 (west side) at Taber Road	2	0	2	0
7	State Route 91 (south side) at 2785 Palisades Drive	2	2	0	\$50,000 x 2 w/CPI of 2.5% to 4%
--	Total	11	8	3	\$340,000 (base payment)

ANALYSIS:

Lamar is proposing to change-out the three remaining static billboard panels to electronic changeable message boards on the billboard structures located on the south side of State Route 91 at 2503 Anselmo Drive (location #3) and the west side of Interstate 15 at Taber Road (location #6). This change allowed the City to renegotiate some of the terms of the existing agreements relating to the annual monetary payment to the City. Further, the City Attorney decided to consolidate all previous amendments to the Agreement and the Billboard Relocation Agreement assigned to Lamar from Empire Outdoor Advertising into one Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor.

The Consolidated and Restated Billboard Relocation Agreement will apply the same terms as the previous agreement except for the following:

- Section 2.3.1 Public Service Announcements; Annual Monetary Value. The monetary value to be paid to the City for not using its assigned public service announcements on any changeable message board operated by Lamar is the higher of \$50,000 per year, or 12% of the Gross Revenue per year, per changeable message board. This monetary value is being applied to the three new changeable message boards after construction, and starting July 1, 2023 the existing changeable message boards that have a monetary value higher of \$40,000 or 12% of Adjusted Gross Revenue per year will be increased to the higher of \$50,000 or 12% of the Gross Revenue per year.

Like the previous Agreement, Lamar will pay in advance to the City the first three years of the monetary value of the three new changeable message boards. The advanced payment equals \$150,000 per panel for the first three years, which results in an advanced payment of \$450,000 (\$150,000 x 3). The advanced payment will be due at the time of completion of construction of each electronic changeable message board.

The following table summarizes the changes to the existing billboards operated by Lamar and the new annual monetary payment to the City on the electronic changeable message boards.

Proposed Lamar Billboards & Annual Monetary Payment on Changeable Message Board

#	Location	# of Panels	# of Changeable Message Boards (CMB)	# of Static Panels	Annual Monetary Payment to City on CMB
1	State Route 91 (south side) at 1773 Delilah Street	1	1	0	\$50,000 or 12% Gross Revenue (GR), whichever is higher
2	State Route 91 (north side) at 1790 Pomona Road	2	2	0	\$50,000 x 2 or 12% GR, whichever is higher
3	State Route 91 (south side) at 2503 Anselmo Drive	2	2	0	\$50,000 x 2 or 12% GR, whichever is higher
4	Interstate 15 (west side) at Ontario Avenue	1	1	0	\$50,000 or 12% GR, whichever is higher
5	Interstate 15 (west side) at Ontario Avenue (500' north of Ontario Avenue)	1	1	0	\$50,000 or 12% AGR, whichever is higher
6	Interstate 15 (west side) at Taber Road	2	2	0	\$50,000 x 2 or 12% GR, whichever is higher
7	State Route 91 (south side) at 2785 Palisades Drive	2	2	0	\$50,000 x 2 or 12% GR, whichever is higher
--	Total	11	11	0	\$550,000 (base payment)

FINANCIAL IMPACT:

The Consolidated and Restated Billboard Relocation Agreement with Lamar Central Outdoor will result in an advanced payment of \$150,000 for each new changeable message board for the first three years with the payment due to the City after the completion of construction of each panel (\$150,000 x 3). Starting July 1, 2023, the General Fund revenue will increase by \$50,000 per year on the monetary value paid by Lamar to the City on the existing changeable message boards. After the three-year passage of the advanced payment on the three new changeable message boards, the increased revenue to the General Fund will be an amount no less than \$210,000 per year from the current Agreement. Approval of the recommended actions will result in an estimated revenue increase in the amount of \$50,000 in the General Fund 110 for Fiscal Year 2024. Future fiscal year revenue estimates will be evaluated and submitted through the annual budget process.

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

Attachments:

1. Exhibit 1 - Consolidated and Restated Billboard Relocation Agreement