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November 1, 2016

Client-Matter: 26881-047

VIA HAND-DELIVERY

C-F. 11-1705

Los Angeles City Council
Planning and Land Use Management Committee
Los Angeles City Hall
200 North Spring Street
Los Angeles, CA 90012
Attention: Sharon Dickinson, Office of the City Clerk, Legislative Assistant

Re: Citywide Sign Ordinance (CPC-2015-3059-CA/Council File 11-1705): Off-Site Signage Take-Down Program November 1, 2016 PLUM Committee Meeting

Dear Chair Huizar and Honorable Councilmembers:

On behalf of our client, Regency Outdoor Advertising, Inc. ("Regency"), we previously expressed concern that the proposed Citywide Sign Ordinance (the "Ordinance") risks missing a significant opportunity to facilitate the City Council's frequently stated goal of reducing existing billboards and other off-site signage throughout the City of Los Angeles (the "City"), particularly in those areas deemed sensitive to signage impacts. In order to effectively implement regulatory mechanisms to reduce signage, the Ordinance must include incentives, such as take-down credits, that accurately reflect the marketplace. Accordingly, our past correspondence has recommended specific modifications to the Ordinance's sign reduction program to allow credit for off-site signage removed throughout the entire City, rather than only within sign districts or adjoining "sign impact areas", which would limit off-site sign reduction to a few isolated geographical areas that contain a mere fraction of the City's off-site signage.

Consistent with this recommendation, your Planning and Land Use Management ("PLUM") Committee has repeatedly acknowledged that the effectiveness of any take-down program requires the alignment of the incentives with market conditions. For example, Version "B" of the Ordinance, previously recommended for approval by PLUM, establishes a take-down ratio for new signage within sign districts that allows one (1) square foot of new digital signage for every two (2) square feet of static signage removed.

In stark contrast, the October 28, 2016 report to the PLUM Committee from the City Administrative Officer (the "CAO Report") recommends a default take-down ratio of nine (9) square feet of static signage for every one (1) square foot of new digital signage outside of sign districts. However, increasing the required take-down ratio, as proposed in the CAO Report, will not result in more sign removal. To the contrary, as the take-down ratio increases, the incentive to remove existing signage diminishes for Regency, because it does not have enough signage to meet this extremely high ratio. As a result, Regency will not be able to utilize the take-down program at this ratio. Moreover, it is unfair to subject Regency to a take-down ratio that heavily favors the largest sign companies. Instead, the take-down ratio must mirror and account for the fact that Regency's existing inventory represents a very small share of the off-site signage that the City wants to remove.

As an alternative, the CAO Report proposes a sliding scale whereby a sign company seeking to install new off-site digital signage could reduce the required take-down ratio from 9:1 to as low as 2:1 by agreeing to pay the City up to $250,000 per year. However, the economics of this proposal do not add up, because a required payment of this magnitude simply cannot be justified by the revenue generated by new digital signage.[1]

At best, the proposal in the CAO Report is geared solely to a few sign companies with the largest inventories, while Regency, with a comparatively small sign inventory, will not be able to participate in the CAO Report's proposed take-down program. This represents a missed opportunity under the Ordinance to further reduce off-site signage Citywide.

We respectfully request that the PLUM Committee direct City staff to gather feedback from a broad range of signage companies with varying inventories, including Regency, in order to ensure that the take-down program properly accounts for market realities. This is essential to achieving the City Council's objectives.

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[1] This $250,000 annual fee is likely based on exaggerated assumptions for typical billboard rates. For example, the May 19, 2016 Staff Report jointly prepared by the City Planning Department, the City Administrative Officer and the Chief Legislative Analyst misleadingly suggests that such rates commonly exceed $1,000,000 per month, which is grossly out of proportion with typical sign revenue.

Thank you for your consideration.

Sincerely,

C.J. Laffer

cc: Lisa Webber, AICP, City Planning Department, Deputy Director (via email)
Tom Rothman, City Planning Department, Senior City Planner (via email)
Phyllis Nathanson, City Planning Department, City Planning Associate (via email)
Kenneth T. Fong, Esq., City Attorney's Office, Deputy City Attorney (via email)
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