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September 9, 2014

Client-Matter: 26881-050

VIA HAND DELIVERY

Planning and Land Use Management Committee
City of Los Angeles City Council
200 North Spring Street, Room 360
Los Angeles, CA 90012

Re: Ongoing Concerns Regarding the Proposed Los Angeles International Airport Signage Supplemental Use District

Dear Honorable Members of the Planning and Land Use Management Committee:

As you know, this firm represents Regency Outdoor Advertising, Inc. ("Regency"). We have previously written to you about our client's concerns regarding the proposed Los Angeles International Airport Signage Supplemental Use District (the "SUD"). Regency owns multiple sign structures on the Park One parking lot site at the entrance to Los Angeles International Airport ("LAX"), which is owned by Los Angeles World Airports ("LAWA") and is included within the boundaries of the proposed SUD. Our client is the only billboard company that has signs within the SUD area, and thus its interests in the SUD are significant. Unfortunately, however, based on LAWA's actions to date, it appears that LAWA intends to create the SUD to benefit other sign companies without addressing the fate of billboards that Regency erected on the Park One lot site decades ago – well before LAWA even acquired the site. Moreover, even after our letter to your committee, and presenting testimony at the August 26, 2014 meeting regarding our concerns with the SUD (see Exhibit A), LAWA has refused to engage in substantive discussions with Regency. Having been left completely in the dark about LAWA's intentions, our client has no choice but to oppose the SUD, which LAWA is apparently steamrolling through the approval process without complying with applicable laws.

The purpose of this letter is to expand upon Regency's initially identified concerns, point out additional flaws with the SUD, and reiterate our request that the SUD not be approved until: (1) the proposed Citywide sign ordinance is first passed, as is legally required prior to any City approval of the SUD; (2) the SUD is revised to address its inconsistencies with various City and federal regulations; and (3) LAWA engages with Regency in a good-faith manner regarding Regency's objections to the proposed SUD.

A. The Los Angeles Municipal Code Does Not Presently Allow Sign Districts at LAX.

As described in our August 26, 2014 letter, the Los Angeles Municipal Code ("Code" or "LAMC") only allows sign districts to include properties in the C or M Zones.[1] (LAMC Section 13.11) All of the property on which LAWA would like to establish a sign district is zoned "LAX" – not C or M as required. LAWA did not seek a zone change, or an amendment to the LAX Specific Plan (Ordinance No. 182,542, effective July 3, 2013)("Specific Plan"), when it filed its application materials for the SUD. Therefore, if adopted, the SUD would only include properties zoned LAX, and would not include any properties zoned C or M. This would constitute an express violation of the LAMC's clear requirements.

Surprisingly, staff from LAWA and the Department of City Planning are aware of this zoning issue, as demonstrated both by the findings prepared for the SUD, and by staff's public testimony to PLUM in response to Regency's identification of this problem. However, neither LAWA nor City Planning staff have provided any satisfactory response to PLUM or to Regency, and instead have claimed, without any justification, that the Specific Plan somehow permits this zoning violation to occur. This is an absurd position, as explained below.

1. <u>The LAX Specific Plan Explicitly Requires Compliance with LAMC Section 13.11</u>.

The Specific Plan states that "[a]lteration, redesign or replacement of existing off-site signs, or erection, construction or installation of new off-site signs, supergraphic signs, and mural signs shall be permitted pursuant to the establishment of a sign district ***as set forth in LAMC Section 13.11***." (Specific Plan Section 14.C)(emphasis added). LAMC Section 13.11, in turn, states that each "Sign District shall include ***only properties in the C or M Zones*** . . . ." (LAMC Section 13.11 B)(emphasis added.) As previously stated, LAWA did not seek a zone change for the properties to be included in the SUD, nor did it amend the language of Section 14.C of the Specific Plan. Therefore, if adopted, the SUD would include properties zoned LAX, and would not include any properties zoned C or M, in clear violation of the requirements in LAMC Section 13.11.

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[1] Except that R5 Zone properties may be included in a "SN" Sign District provided that the R5 zoned lot is located within an area designated on an adopted community plan as a "Regional Center," "Regional Commercial," or "High Intensity Commercial," or within any redevelopment project area. (LAMC Section 13.11(B)). LAWA's property is not zoned R5 either.

The Specific Plan requires strict adherence to the Code in the absence of a conflict between the Code and the specific plan. Specifically, the Specific Plan states: "The regulations of this Specific Plan are ***in addition*** to those set forth in the planning and zoning provisions of the Los Angeles Municipal Code . . . and ***do not convey any rights not otherwise granted under the provisions and procedures contained in the LAMC . . .***" (Specific Plan, Section 3.A)(emphasis added). However, whenever the Specific Plan "contains ***provisions that establish regulations. . . which are different from, more restrictive or more permissive*** than would be allowed pursuant to the provisions contained in the LAMC or any other relevant ordinances, this Specific Plan shall prevail and supersede." (Specific Plan, Section 3.B)(emphasis added).

The above-quoted language from the Specific Plan is found in most of the City's other specific plans, establishing the general rule that when a development regulation contained in a specific plan deviates from or conflicts with a development regulation contained in the Code, the specific plan's regulation will prevail. For example, the Specific Plan explicitly states that the Code's setback requirements do not apply to the Airport Airside and Airport Landside Sub-Areas. (LAX Specific Plan, Section 8.C.) However, the Specific Plan does not present ***any*** conflict with the Code regarding the establishment of sign districts – as noted above, Section 14.C of the Specific Plan simply allows off-site signs pursuant to the establishment of a sign district ***as set forth in LAMC Section 13.11.*** Here, there is no conflict between the Specific Plan and the Code because the Specific Plan explicitly requires compliance with the Code. This simple explanation, which precludes the establishment of the SUD, was evidently not to the liking of LAWA, leading it to embark on a tortured effort to find a conflict between the SUD and the Code where none exists.

2. <u>The Proposed SUD Findings Fundamentally Misinterpret the Relationship Between the Specific Plan and the LAMC Regarding Signage.</u>

As required by the Code, the proposed SUD must be found to comply with LAMC Section 13.11 before it can be approved. City Planning staff have prepared findings which acknowledge LAMC Section 13.11's restrictions on allowable zoning designations for sign districts. However, the findings attempt to explain away the SUD's violation of the Code's zoning requirements through a fundamental misreading of the statutory language. Specifically, the proposed SUD findings state:

> Notwithstanding the provision in LAMC Section 13.11 B that a Sign District shall only include properties in the C or M Zones, and certain R5 zoned properties, Section 3.B of the LAX Specific Plan provides that the Specific Plan shall prevail and

> supersede the applicable provisions of the LAMC wherever it contains ***provisions that establish regulations, including for signage,*** which are ***different from, more restrictive or more permissive*** than would be allowed under the LAMC. Furthermore, the LAX Zone permits M uses and was created to tailor those uses to the needs of a large public airport. Section 14.D [sic] of the LAX Specific Plan specifically provides for the alteration, redesign, or replacement of existing off-site signs, or erection, construction, or installation of new offsite signs, supergraphic signs, and mural signs, ***pursuant to the establishment of a Sign District in accordance with LAMC Section 13.11.*** (Emphasis added.)

As detailed below, this finding presents no logical rationale for allowing the establishment of the SUD on LAX-zoned properties.

The first sentence of this finding accurately summarizes Section 3.B of the Specific Plan. However, Section 3.B has no relevance here because ***there is no conflict at all*** between the Specific Plan's regulations and the Code's regulations regarding the establishment of signage districts. The Specific Plan explicitly requires the adoption of a sign district ***pursuant to LAMC Section 13.11*** in order to allow off-site signage. And as noted multiple times already, LAMC Section 13.11 requires that properties that are to be included in a sign district be zoned C or M. In the absence of any conflict, there is nothing for the Specific Plan to supersede in the Code.

The approach taken by staff in the above finding would only apply if the Specific Plan allowed off-site signage ***without*** the establishment of a sign district, in which case there would, in fact, be a conflict between the Code and the Specific Plan (with the result being that the Specific Plan would prevail). Here, however, the Specific Plan explicitly ***requires*** that a sign district be created pursuant to Section 13.11. There is no conflict between the Specific Plan and the Code at all.

Likewise, the second sentence of the finding is a non sequitur, as it is completely irrelevant that the LAX zone permits industrial uses – nowhere in the Specific Plan or the LAMC does the issue of allowable uses play a role in determining what properties may be included within a sign district. This sentence does not provide any relevant justification for why the SUD should be considered consistent with LAMC Section 13.11. If anything, it indicates how much LAWA is stretching to have the SUD passed in advance of the proposed Citywide sign ordinance.

And finally, the third sentence of this finding fails to add any evidence of a conflict between the Specific Plan and the Code, as it simply restates the same point being made by Regency – off-site signage may be allowed within the Specific Plan area, so long as a sign district is adopted ***pursuant to LAMC Section 13.11***.

3. Finding Evidence of a Conflict Between the Specific Plan and the Code Regarding Sign Districts Would Invite Illogical Interpretations of Other Specific Plans.

Should PLUM, and ultimately the full City Council, accept the argument being made by LAWA and City Planning staff that some "conflict" exists between the Specific Plan and the Code, such that LAMC Section 13.11's clear requirements can be ignored, it would be setting a precedent for broad, counter-intuitive interpretations of other specific plans that could produce unanticipated results. For example, the Central City West specific plan provides that certain uses (such as auditoriums, educational institutions, etc.) shall be permitted within the specific plan's PF(CW) zone designation, provided a conditional use permit is granted by the City Planning Commission pursuant to LAMC Section 12.24 U. This is another example of a City-adopted specific plan referencing and requiring a land use entitlement review and approval process established by the Code. However, by applying the same logic being used by LAWA and City Planning staff regarding the SUD, a proponent of an auditorium project in the PF(CW) zone could argue that the established process requirements (holding a public hearing, making required findings, etc.) of LAMC Section 12.24 U should not apply to the City's review of the project, because there somehow exists a "conflict" between the Central City West specific plan (which states that auditoriums may be allowed in the PF(CW) zone) and the specific conditional use review and approval requirements set forth by LAMC Section 12.24 U. There is no rational reason supporting this claim, much as there is no rational reason supporting a claimed conflict between the Specific Plan and the Code regarding the establishment of a sign district at LAX.

As another example, the Glencoe-Maxella specific plan permits "those uses permitted in the CM zone" within the specific plan's CM(GM)-2D-CA zone. The Code's CM zone provisions allow a number of uses, some of which are subject to specific limitations set forth in the Code (for example, the Code allows office building uses in the CM zone, but only if those buildings are occupied by industrial firms or other professional/administrative/clerical services that are needed by industries in the area.) But to apply the logic being advocated by LAWA and City Planning staff regarding the SUD, the Code's limitations on CM zone uses could simply be ignored in the Glencoe-Maxella specific plan area, and ***any*** type of office building use could be allowed (e.g., medical offices, law firm offices, etc.) in the CM(GM)-

2D-CA, because the specific plan's approval of CM-zone uses "conflicts" with the Code's limitations on those same uses.

The examples above are patently absurd interpretations of the Central City West and Glencoe-Maxella specific plans, but they are no more absurd than the one currently being proposed by LAWA and City Planning staff that would allow the SUD to violate LAMC Section 13.11 because of an arbitrarily presumed "conflict." It makes no sense to accept the findings presented in support of the SUD, and identify any sort of conflict between the Specific Plan and the Code that somehow allows selective portions of LAMC Section 13.11 to be ignored. In order to establish the SUD, LAWA must process a zone change from LAX to C or M, amend the Specific Plan to include a provision that clearly supersedes LAMC Section 13.11's zoning requirements, or wait for the Citywide sign ordinance to be passed.

B. Approving the SUD Before the Citywide Sign Ordinance Is Not Only Illegal, But Will Also Directly Conflict with Future Citywide Sign Regulations.

In addition to violating the Code's provisions regarding the required zoning for new sign districts, proceeding with the approval of the SUD before the approval of the Citywide sign ordinance would create undesired confusion and inconsistency with the City's signage regulations once they are adopted.

1. <u>The SUD Conflicts with the Sign Takedown and Sign Credit Ownership Provisions of the Proposed Citywide Sign Ordinance</u>.

The current draft of the Citywide sign ordinance, as a result of extensive input received from Council offices, property owners, billboard companies, and other stakeholders, provides a detailed set of requirements for sign reduction efforts that are required in connection with the establishment of new sign districts. Specifically, at a minimum, every square foot of new off-site sign area proposed for a new sign district must be offset by a reduction of more than one square foot of existing off-site sign area, within either the proposed sign district itself or within an abutting identified "sign impact area," thereby ensuring a nexus between the visual impacts of the new off-site signs and the visual character enhancement resulting from the removed signs. In addition, detailed requirements are set forth in the Citywide sign ordinance regarding the assignment and transfer of sign reduction credits through a Project Permit Compliance application process. Finally, the Citywide sign ordinance contains the simple and intuitive requirement that required sign reduction credits be obtained ***prior*** to the issuance of permits for new off-site signage.

In contrast, the SUD contains provisions that are considerably less stringent, and which will almost certainly create conflicts with the Citywide sign regulations once adopted. For example, the SUD permits LAWA to obtain three square feet of sign credit for every square foot of existing off-site signage removed, in contrast to the minimum 1:1 ratio under the proposed Citywide sign regulations. (SUD Section 8.A.1.) In addition, instead of being required to occur within a circumscribed geographical area abutting the SUD area as required by the draft Citywide sign regulations, the SUD's contemplated sign removals may occur anywhere within the LAX Vicinity Sign Reduction Area, an area encompassing five of the City's community plan areas (LAX, Westchester – Playa Del Rey, Palms – Mar Vista – Del Rey, Venice, and West Los Angeles). (SUD Section 4.)

Most importantly, the SUD completely fails to establish a clear process for reviewing and approving these sign takedowns and allocating the resulting sign credits. As an example of this lack of clarity, SUD Section 8.A states that "LAWA shall be responsible for the removal of 20,181 square feet of lawfully permitted off-site Billboard Signs from within the LAX Vicinity Sign Reduction Area." There is no Project Permit Compliance review process for determining ownership of sign credits, or confirming that billboard takedowns have occurred before issuing new off-site sign permits. Instead, under "Sign Reduction Option 1," described at SUD Section 8.A.1, the SUD first states that "LAWA shall obtain sign reduction credits equal to the square footage of off-site signage installed," but then goes on to state that "LAWA ***may receive*** sign reduction credit for ***any*** lawfully permitted off-site Billboard Sign that is removed from ***any*** property located in the LAX Vicinity Sign Reduction Area." (Emphasis added.) This passive language means that, instead of requiring that LAWA actually causes these billboards to come down, or takes some action to obtain possession of sign credits after another party takes down a sign, LAWA could receive sign reduction credits for absolutely any billboard takedown that occurs in the sign reduction area – ***even those takedowns that may be accomplished by a sign company or other party with absolutely no connection to LAWA.***

Nowhere does the SUD explain whether it considers sign credits to be owned by sign companies, property owners, or signage proponents (i.e., LAWA). One ownership assumption described above – where LAWA would appear to have a right to any credits resulting from any billboard takedown occurring within five different community plan areas of the City – would certainly spark conflicts with billboard companies that would properly be able to claim ownership of those same credits under the existing and proposed Citywide sign regulations. However, another ownership assumption appears to be described under "Sign Reduction Option 2" (SUD Section 8.A.2), where LAWA would be setting aside a portion of off-site advertising revenues to pay for future contemplated takedowns, implying that once signs are taken down, the resulting sign credits would be owned by either the property owner

or the sign company, and would then need to be purchased by LAWA. This convoluted treatment of the ownership of sign credits, a highly contentious issue in the off-site advertising world, is certainly not a desirable effect of the SUD. The SUD's treatment of sign credits, and the timing and process for determining when these credits may be acquired and/or utilized in connection with the SUD's new proposed off-site signage, must be further clarified and brought into conformance with the proposed Citywide sign regulations in order to avoid these conflicts.

2. The SUD Conflicts with the Community Benefits and Beautification Provisions of the Proposed Citywide Sign Ordinance.

In addition to its clear provisions regarding sign credit ownership and allocation, the Citywide sign ordinance provides detailed regulations pertaining to community beautification measures that may be incorporated into new sign districts in conjunction with (and as partial replacement for) sign takedown requirements. Specifically, the City sign ordinance defines specific types of community benefits measures (including streetscape and lighting improvements, sidewalk widening and landscaping, and public art installations), obligates the City Planning Commission to make a specific finding regarding the value of the public benefit conveyed by these measures, and prohibits a sign district proponent from taking credit for community benefits measures that would be implemented independently of the new sign district. In contrast, the SUD offers a rough list of "visual blight reduction" measures that may be implemented "at gateway corridor areas at or adjacent to LAX," which includes the large geographic area contained within the LAX and Westchester – Playa del Rey community plan areas. The SUD contains no criteria for determining the value of these contemplated blight reduction measures, nor are any findings required in connection with their approval. Instead, the SUD requires LAWA to develop a blight reduction program, and obtain approval for this program from the Board of Airport Commissioners, at some time in the future, prior to the installation of off-site signs in the SUD's Landside Sub-Area.

In fact, the clearest provision in the SUD's entire discussion of this blight reduction program is the proposal that would have LAWA fund a new "LAWA Visual Blight Reduction Fund." The SUD further states that these funds "shall be used exclusively to satisfy" the SUD's blight reduction requirements, but as noted above, the SUD itself does not contain any specific blight reduction efforts, and defers the formulation of these efforts to a future date. Moreover, LAWA's proposal to use a significant amount of airport-derived revenue "exclusively" for future contemplated (yet as-of-now unspecified) visual aesthetic improvements throughout the LAX and Westchester – Playa del Rey community plan areas causes serious concerns with respect to compliance with federal law, which requires airports to only use revenue to pay for services ***directly related to*** airport operations and capital

improvements. To expend airport revenue on activities or services that fall outside this permitted scope is termed "revenue diversion," which LAWA has recently been subject to audits for. The City should proceed more cautiously with the formulation of the SUD's proposed blight reduction efforts, in order to ensure compliance with all applicable legal requirements regarding the collection and expenditure of airport revenues.

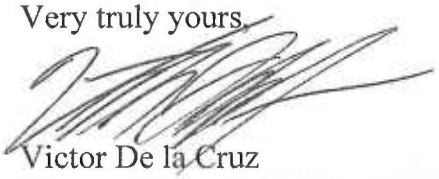
C. Conclusion.

Proceeding with the SUD prior to the adoption of the Citywide sign ordinance is not only illegal under City law, prone to creating confusion and inconsistency in the City's signage regulations, and at risk of violating federal regulations, but is also economically short-sighted and fundamentally unfair. Regency currently owns and operates a number of off-site billboard structures strategically located within the proposed SUD area at the primary vehicular entrance to LAX and those billboards need to be part of the discussion.

We respectfully urge the PLUM Committee to delay approval of the SUD until the issues discussed above are addressed by LAWA and City Planning staff, and until LAWA agrees to engage with Regency to discuss these same issues. Thank you for your time and attention to this matter.

Regency reserves all rights, objections, and remedies not specifically delineated in this letter.

Very truly yours,



Victor De la Cruz
Manatt, Phelps & Phillips, LLP

cc: Ron Turovsky, Esq., Manatt, Phelps & Phillips, LLP
Todd Nelson, Esq., Manatt, Phelps & Phillips, LLP

EXHIBIT A

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August 26, 2014

Client-Matter: 26881-050

VIA E-MAIL AND HAND DELIVERY

Planning and Land Use Management Committee
City of Los Angeles City Council
200 North Spring Street, Room 360
Los Angeles, CA 90012

Re: Los Angeles International Airport Signage Supplemental Use District

Dear Honorable Members of the Planning and Land Use Management Committee:

This firm represents Regency Outdoor Advertising, Inc. ("Regency"). We are writing to inform you that our client has significant concerns about the proposed Los Angeles International Airport Signage Supplemental Use District (the "SUD"). As the owner of several billboard structures on the Park One parking lot site, which is at the entrance to Los Angeles International Airport ("LAX") and is included within the boundaries of the proposed SUD, we are surprised that Regency was never consulted about the proposed SUD. Our client is the only billboard company that has signs within the SUD area, and thus its interests in the SUD are significant. The purpose of this letter is to request that the SUD be put on hold until: (1) the proposed Citywide sign ordinance is first passed, as is legally required prior to any City approval of the SUD; and (2) Los Angeles World Airports ("LAWA") engages with Regency regarding the proposed SUD. Set forth below are some preliminary objections setting forth why the SUD should be put on hold pending discussions with Regency.

A. The Los Angeles Municipal Code Does Not Presently Allow Sign Districts at LAX.

Before the City can approve the SUD, it must first pass the pending Citywide sign ordinance, which has language in it that would allow the establishment of a sign district at LAX. This is because the Los Angeles Municipal Code ("Code" or "LAMC") only allows sign districts to include properties in the C or M Zones.[1] (LAMC Section 13.11) All of the property on which LAWA would like to establish a sign district is zoned "LAX" – not C or M as required.

[1] Except that R5 Zone properties may be included in a "SN" Sign District provided that the R5 zoned lot is located within an area designated on an adopted community plan as a "Regional Center," "Regional Commercial," or "High Intensity Commercial," or within any redevelopment project area. (LAMC Section 13.11(B)). LAWA's property is not zoned R5 either.

LAX's zoning represents a fundamental flaw in LAWA's proposal to seek approval of the proposed SUD because its adoption is prohibited by the express language of the Code. The LAX Specific Plan (Ordinance No. 182,542, effective July 3, 2013) states that "[a]lteration, redesign or replacement of existing off-site signs, or erection, construction or installation of new off-site signs, supergraphic signs, and mural signs shall be permitted pursuant to the establishment of a sign district ***as set forth in LAMC Section 13.11***." (LAX Specific Plan Section 14.C)(emphasis added). LAMC Section 13.11, in turn, states that each "Sign District shall include ***only properties in the C or M Zones*** . . . ." (LAMC Section 13.11 B)(emphasis added.) LAWA did not seek a zone change or amendment to the LAX Specific Plan when it filed its sign district application, and therefore, if adopted as drafted, the SUD would include properties zoned LAX, and would not include any properties zoned C or M. This violates the LAMC's clear requirements.

The LAX Specific Plan does not allow the Code to be ignored. To the contrary, it requires strict adherence in the absence of a conflict. Specifically, the LAX Specific Plan states: "The regulations of this Specific Plan are ***in addition*** to those set forth in the planning and zoning provisions of the Los Angeles Municipal Code . . . and ***do not convey any rights not otherwise granted under the provisions and procedures contained in the LAMC*** . . ." (LAX Specific Plan, Section 3.A)(emphasis added). Simply put, LAWA cannot seek a sign district under the existing Code without first obtaining an appropriate zone change. LAWA must play by the same rules that everyone else has to and the City cannot play favorites in determining who has to apply for a zone change and who does not. By processing LAWA's application for a sign district on inappropriately-zoned land (i.e., land that is subject to the "LAX" zoning designation), the City has failed to apply its zoning rules in an even-handed manner, in the process creating an impermissible exception for LAWA, which raises significant Constitutional concerns.

B. The Proposed SUD Findings Fundamentally Misinterpret the LAX Specific Plan and the LAMC.

As required by the Code, the proposed SUD must be found to comply with LAMC Section 13.11 before it can be approved. The Planning Department has prepared findings which acknowledge LAMC Section 13.11's restrictions on allowable zoning designations for sign districts. However, with no apparent logic, the findings attempt to explain away the SUD's violation of the Code's zoning requirements through a fundamental misreading of the statutory language. Specifically, the proposed SUD findings state:

> Notwithstanding the provision in LAMC Section 13.11 B that a Sign District shall only include properties in the C or M Zones, and certain R5 zoned properties, Section 3.B of the LAX Specific Plan provides that the Specific Plan shall prevail and supersede the applicable provisions of the LAMC wherever it contains provisions

> that establish regulations, including for signage, which are ***different from, more restrictive or more permissive*** than would be allowed under the LAMC. Furthermore, the LAX Zone permits M uses and was created to tailor those uses to the needs of a large public airport. Section 14.D [sic] of the LAX Specific Plan specifically provides for the alteration, redesign, or replacement of existing off-site signs, or erection, construction, or installation of new offsite signs, supergraphic signs, and mural signs, ***pursuant to the establishment of a Sign District in accordance with LAMC Section 13.11***. (Emphasis added.)

This finding is complete sophistry. The first sentence accurately summarizes Section 3.B of the LAX Specific Plan. However, Section 3.B has no relevance here because ***there is no conflict at all*** between the LAX Specific Plan's regulations and the Code's regulations regarding the establishment of signage districts. The Specific Plan requires the adoption of a sign district, pursuant to LAMC Section 13.11, in order to allow off-site signage. LAMC Section 13.11, in turn, requires that properties that are to be included in a sign district be zoned C or M. In the absence of any conflict, there is nothing for the Specific Plan to supersede in the Code. The approach taken by the above finding would only apply if the Specific Plan allowed off-site signage ***without*** the establishment of a sign district, in which case there would, in fact, be a conflict between the Code and the Specific Plan (with the result being that the Specific Plan would prevail). Here, however, the Specific Plan explicitly ***requires*** that a sign district be created pursuant to Section 13.11. There is no conflict between the Specific Plan and the Code at all. Likewise, the second sentence of the finding is a non sequitur, as it is completely irrelevant that the LAX zone permits industrial uses – nowhere in the Specific Plan or the LAMC does the issue of allowable uses play a role in determining what properties may be included within a sign district. This sentence does not provide any relevant justification for why the SUD should be considered consistent with LAMC Section 13.11. If anything, it indicates how much LAWA is stretching to have the SUD passed in advance of the proposed Citywide sign ordinance.

C. Approving the SUD Before the Citywide Sign Ordinance Is Not Only Illegal, But Is Also Fundamentally Bad Planning.

In addition to violating the Code's requirements regarding the establishment of sign districts, proceeding with the approval of the SUD before the approval of the Citywide sign ordinance would be putting the cart before the horse. The City has been carefully crafting a Citywide sign ordinance that will clearly spell out many of the complicated issues involved with signage, particularly off-site signage. To allow the SUD to proceed ahead of the Citywide sign ordinance will create unnecessary confusion and inconsistency with the City's signage regulations once they are adopted.

For example, the current draft of the Citywide sign ordinance, as a result of extensive input received from Council offices, property owners, billboard companies, and other stakeholders, provides a detailed set of requirements for sign reduction efforts that are required in connection with the establishment of new sign districts. One such requirement is a clearly delineated process for determining ownership of sign reduction credits. The SUD contains no such process, and does not address the issue of sign reduction credit ownership at all. Instead, the SUD simply states that LAWA "shall be responsible for the removal" of over 20,000 square feet of off-site signage from the SUD's "LAX Vicinity Sign Reduction Area," and "may receive" the sign reduction credits resulting from these removals. (SUD Section 8.A.) The SUD's sign reduction area includes all of the area included within five of the City's community plan areas (LAX, Westchester – Playa Del Rey, Palms – Mar Vista – Del Rey, Venice, and West Los Angeles), which area extends far beyond the proposed SUD's boundaries. These community plan areas will soon become subject to the Citywide sign ordinance upon its adoption, and will then be subject to two sets of rules regarding sign credit ownership – the "shadow" regulation contained in the SUD, which is largely silent on the issue of take-down credits, and the clearly outlined regulation and process contained in the Citywide sign ordinance that is designed to minimize disputes over sign credit ownership.

As another example, the Citywide sign ordinance contains detailed descriptions of various community beautification measures that may be constructed in and around new sign districts, and also requires certain findings to be made by the City Planning Commission regarding the value of the public benefit conveyed by these measures. In contrast, the SUD offers a rough list of "visual blight reduction" measures that may be implemented within the LAX and Westchester – Playa del Rey community plan areas (which again, include areas outside the geographic boundaries of the SUD). The SUD contains no criteria for determining the value of these contemplated blight reduction measures, nor are any findings required in connection with their approval. Instead, the SUD requires the Board of Airport Commissioners to approve a blight reduction program sometime in the future, prior to the installation of off-site signs in the Landside Sub-Area. Once again, by adopting the SUD and allowing its blight reduction program mechanism to come into existence before the Citywide sign ordinance is adopted, there is a strong possibility of overlap and inconsistency between these two ordinances.

Finally, proceeding with the SUD prior to the adoption of the Citywide sign ordinance is not only illegal, and prone to creating confusion and inconsistency in the City's signage regulations, but is also economically short-sighted and fundamentally unfair. Regency currently owns and operates several off-site billboard structures strategically located within the proposed SUD area at the primary vehicular entrance to LAX. While LAWA carved out significant opportunities for digital signage to itself, it excluded all of Regency's signs from digital conversion without any legitimate reason (e.g., Regency's signs are not near residences, do not create traffic hazards, etc.)

We respectfully urge your Committee to delay approval of the SUD until LAWA engages with Regency to discuss the issues discussed above. The course currently being pursued by LAWA and the City would approve the SUD in violation of the clear language of the Code and lead to the creation of inconsistent City signage regulations.

Thank you for your time and attention to this matter. Regency reserves all rights, objections, and remedies not specifically delineated in this letter.

Very truly yours,

Victor De la Cruz
Manatt, Phelps & Phillips, LLP

cc: Ron Turovsky, Esq., Manatt, Phelps & Phillips, LLP
Todd Nelson, Esq., Manatt, Phelps & Phillips, LLP