

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE REPORT relative to an agreement with Clear Channel Outdoor, Inc., for a double-sided billboard on City-owned property.

Recommendation for Council action:

AUTHORIZE the Department of General Services (GSD) to execute a new lease agreement with Clear Channel Outdoor, Inc., to operate a double-sided advertising billboard located at 1901 North Highland Avenue, pursuant to the terms and conditions substantially outlined in the GSD report dated December 21, 2017 (attached to the Council file).

Fiscal Impact Statement: The GSD reports that the current revenue generated to the General Fund is \$2,000 per year. The new lease will generate \$14,550 to the General Fund, an increase of over 627 percent.

Community Impact Statement: None submitted.

TIME LIMIT FILE - MARCH 9, 2018

(LAST DAY FOR COUNCIL ACTION - MARCH 9, 2018)

SUMMARY

In the report to Council dated December 21, 2017, GSD requests authority to negotiate and execute a new lease with Clear Channel Outdoor, Inc., for a double-sided billboard on City-owned vacant property located at the intersection of Highland and Franklin Avenues. According to GSD, the property is located outside of the Hollywood Signage Supplemental Use District and the Community Redevelopment Agency Hollywood Redevelopment Area. The use of the signs for off-premise advertising is considered to be a legal non-conforming use of the property. Based on market data, GSD has determined that the standard advertising industry ground lease rate is 30 percent of the three year average revenue generated by each billboard face. Applying the 30 percent rate to CCO's billboard three year average advertising revenue of \$48,510 resulted in an annual lease income of \$14,550.

GSD reports that the proposed agreement is a month-to-month rolling renewable lease with a termination clause of not more than 30 days available to both the City of Los Angeles and Clear Channel. The lease would contain a provision requiring Clear Channel to vacate and remove the billboard structure at its own cost upon termination of the lease. Renewing the lease will allow the City to continue to generate revenue and establish a provision that ensures the City captures site remediation costs specifically related to the billboard structure.

On December 21, 2017, the Municipal Facilities Committee (MFC) approved GSD's request.

At its meeting held January 23, 2018, the Information, Technology, and General Services Committee discussed this matter with representatives of GSD and the City Administrative Officer (CAO). GSD and CAO staff indicated that approximately 60 contracts for the use of City property await review and renewal. Several of the properties are used by non-profit organizations.

Staff will contact local Council Offices to verify uses are consistent with community needs. The CAO and GSD are developing an asset management database to track the expiration of such contracts. Committee recommended that Council authorize GSD to execute the proposed lease with Clear Channel, as recommended by the MFC.

Respectfully Submitted,

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
RODRIGUEZ:	YES
BLUMENFIELD:	YES
O'FARRELL:	ABSENT

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-NOT OFFICIAL UNTIL COUNCIL ACTS-