

STEVEN S. PRETSFELDER
Executive Vice President and
General Counsel

Van Wagner

December 5, 2011

The Honorable Ed Reyes
Chairman, PLUM Committee
City of Los Angeles
200 N. Spring Street, Room 410
Los Angeles, CA 90012

Date: 12/5/11
Submitted in PLUM Committee
Council File No: 08-2020, 11-1705
Item No.: 1
Deputy: Comm from Public

Re: Citywide Sign Ordinance

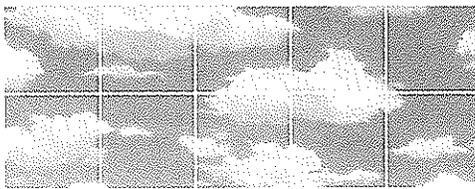
Dear Chairman Reyes:

Van Wagner Communications, LLC ("Van Wagner") is submitting this letter in response to the most recent staff report and draft sign ordinance circulated by the Department of City Planning ("New Draft Ordinance") dated November 21, 2011. We are pleased that the City is moving forward in its efforts to update the existing sign ordinance. While we greatly appreciate your leadership on this issue and the hard work undertaken by the Planning Department over the past three years, we continue to remain concerned by a number of provisions in the New Draft Ordinance and the failure of the New Ordinance and the City to resolve the unfair business environment created by the settlement agreements. We respectfully ask that your Committee consider the following comments prior to sending the New Draft Ordinance to the full City Council for adoption.

The City has Created an Unfair Competitive Environment Which Must be Addressed

The New Draft Ordinance continues to fail to address the fundamentally unfair competitive landscape that resulted from the City's settlement agreement entered into in 2006 with four outdoor advertising companies that sued the City. That agreement rewarded those companies which sued the City by allowing them to modernize their sign inventory, including converting their static signs to digital signs. However, the City has refused to allow sign companies that refrained from suing the City the same opportunities. The New Draft Ordinance furthers those inequities by limiting opportunities for new inventory Citywide.

Non-settlement companies such as Van Wagner continue to stand on the sidelines and watch while the parties to the settlement agreement reap a windfall based on the City's unfair actions. Though the settlement agreements were recently voided by a state court decision, the court did not require the removal of the digital signs that were installed through the settlement agreement process. Although the state court's decision is being appealed, the process will take several years, and, in the interim, the settlement companies are allowed to continue operating their digital and other enhanced signs, reaping significant financial benefit while the rest of the industry is prohibited from doing



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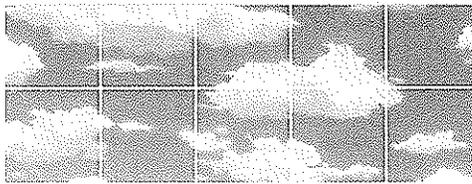
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so. In its October 5, 2011 report, the Planning Department acknowledged that a method needs to be developed to deal legislatively with existing digital signs (those owned by certain of the settlement agreement companies) in a way that is fair and does not harm the City's sign ordinance or visual environment. However, that report and the November 21 Report continue to ignore the plight of the sign companies that refrained from suing the City, that are not part of the settlement agreement and that are not permitted to convert their static signs to digital signs.

We believe this issue - parity for the companies not part of the settlement agreement - is the issue that needs to be addressed *immediately*. In the November 21 Report, the Planning Department indicates that it intends to develop general digital sign regulations during the next six to eight months. However, the Report does not even acknowledge that most of the sign companies in the City are being treated unfairly because they don't have the rights granted to the settlement companies to convert static signs to digital signs, and does not indicate that the Planning Department will even consider this issue. We urge this Committee to direct the Department, the City Attorney and all other applicable City agencies and departments to address the parity issue immediately and implement a program to allow all sign companies to compete in the digital sign market on a fair and competitive basis, including permitting sign companies to convert some of their static signs to digital signs on the same basis as settlement agreement companies.

Sign Districts, Sign Reduction and Community Benefits

The New Draft Ordinance's provisions that significantly limit the areas of the City where sign districts can be created are overly broad, and we believe work against the best interests of the City. Under the New Draft Ordinance, it appears that several Council Districts would have limited opportunity to create sign districts and the standards for establishing sign districts would be even more restrictive than those currently in effect. In fact, sign districts can serve as a necessary economic development tool to spur investment in blighted or other underperforming areas in Los Angeles. The Hollywood Sign District is a good example of an area where off-site signage was an essential catalyst to rejuvenating downtrodden areas. The recent negotiations for the football stadium in downtown contemplate sign revenue as an important factor in enabling the convention center/football stadium deal. Without that revenue, the project and the improvements to the convention center that the City is eager to realize could not be achieved. Each Councilmember should have the flexibility to work with the community and developers to create special sign districts as a means to spur economic development activity in his/her district.



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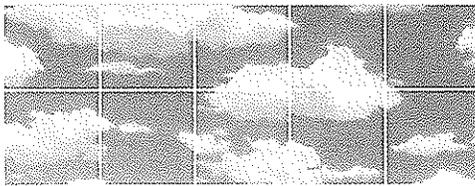
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In addition to limiting where sign districts can be located, the minimum size requirement in the New Draft Ordinance – 5,000 linear feet of street frontage or 15 acres in area – is excessive and makes it extremely difficult to create any new Sign Districts at all. Prohibiting or making it unduly burdensome to create a sign district in an area that can benefit from the revenue and business generation that a sign district can provide, limits economic growth and works to the detriment of the City as a whole. We ask that you reconsider and reduce the minimum size requirements from what is currently proposed.

Finally, the New Draft Ordinance continues to require mandatory sign reduction in sign districts even when community benefits are determined to be of greater need in a particular community. Sign proliferation is not a shared concern across all Council districts. Community beautification is of equal if not greater concern in many districts, and should be considered **IN LIEU OF** simply requiring sign reduction, not merely as a way to reduce the amount of mandatory sign reduction.

In addition, sign reduction does not necessarily benefit the City. There are outdoor advertising companies that currently control and/or operate large inventories of small signs in Los Angeles. These signs have little commercial value because they are old and in disrepair, and/or have no permits or improper permits and/or are located outside of core areas that attract high advertising prices. Under the New Draft Ordinance, these companies will be able to remove these valueless signs in exchange for the right to install new, highly valuable signs that they otherwise could not build. Mandatory sign reduction would give some outdoor companies with larger or illegal inventories an unfair advantage over those that do not have as much inventory and have been playing by the rules.

We urge you to allow Community Benefits as a stand-alone option, as this will not only provide all sign companies the ability to participate in sign districts, but also allow Councilmembers the maximum flexibility in determining the unique issues and specific needs of their respective communities.



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We thank you for your consideration and we look forward to continuing to work with the City.

Sincerely,

Steven S. Pretsfelder

SSP:SKT

cc Hon. Jose Huizar
Hon. Paul Krekorian
Alan Bell, Department of City Planning
Daisy Mo, Department of City Planning