

**CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCE**

Date: August 19, 2016

To: Honorable Members, Planning & Land Use Management Committee

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Subject: **Off-Site Signs & Enforcement Plan, Fee Schedule, and Policy Options**

**SUMMARY**

On May 24, 2016, your Committee instructed the Department of City Planning (DCP), Office of the City Administrative Officer (CAO), Office of the Chief Legislative Analyst (CLA), and the Department of Building and Safety (DBS), to submit a joint report regarding:

- 1) the City's current enforcement strategies and constraints for off-site signs, the development of a fully staffed and funded citywide sign enforcement program;
- 2) the mechanisms, procedures, and policy options to allow off-site signs outside of sign districts; and,
- 3) an updated fee schedule.

This instruction was in response to separate draft ordinances transmitted from the City Planning Commission (CPC) and Office of the City Attorney (City Attorney) prepared to enact new criteria for the establishment of sign districts.

This report presents options for Council's consideration to allow off site signs outside sign districts. In summary, the following are options for your consideration:

- 1) A relocation agreement ordinance that includes a proposed 8:1 sign reduction requirement with options to allow lower sign reduction ratios contingent on gross revenue profit sharing and public benefits;
- 2) The development of the necessary distance, land use and zoning restrictions;
- 3) The development of a framework to establish the total number of relocated off-site signs and non-relocated signs;

- 4) An inventory of City-owned properties wherein off-site signs could be located;
- 5) A requirement that project application filing for an off-site sign relocation agreement to submit an economic analysis report prepared by a pre-selected consultant and administered by the DCP; and
- 6) An ordinance to incorporate changes to the Off Site Sign Periodic Inspection Program (OSSPIP) that incorporates the policies proposed for relocation agreements and as further detailed in the matrix (Attachment 1).

The following information is in response to your Committee's May 24, 2016 instructions:

**1. Report on existing enforcement activities and develop a future enforcement program:**

The following discussion provides an overview of the existing DBS Off-Site Sign Inspection Programs:

Off-Site Sign Periodic Inspection Program (OSSPIP):

The OSSPIP was implemented with the mission of surveying and cataloging every off-site sign structure in the City of Los Angeles. Three inspectors are assigned to OSSPIP and are funded by off-site sign operators which pay approximately \$170 bi-annually for each off-site sign structure which they operate. The three inspectors survey the entire city bi-annually to collect and record data on all off-site sign structures located in the city.

As per the report from the CAO dated October 29, 2008, and submitted to the Planning and Land Use Management (PLUM) Committee as part of Council File 07-1630, fee analysis was performed prior to the 2008 OSSPIP ordinance concluding that three inspectors were necessary to perform the duties of monitoring and recording an accurate off-site sign structure inventory. The fee analysis further concluded that the original OSSPIP fee would support the staff of three, but other functions such as extensive records research or enforcement actions to abate Los Angeles Municipal Code (LAMC) violations, would have to rely on inspection staff supported by other sources of funding. The report stated: "These fees do not include enforcement cost which the Department can recoup via alternate portions of the code".

OSSPIP Data Summary is as follows:

- 5,629 off-site sign structures are currently recorded in the OSSPIP Program;
- The 5,629 structures support 8,482 advertising displays;
- Of the 5,629 structures, 5,104 structures have building permit records which authorize their current use;
- Of the 5,104 structures which have permits, 391 structures have been altered in a manner which does not conform to the permit record; and,
- Of the 5629 structures, 525 structures have no known permit record in the City database and most fall under "Rebuttable Presumption" law.

DBS Inspection Staff Assigned to Citywide Sign Enforcement:

Four inspectors, other than the OSSPIP inspectors, are assigned to respond to complaints on all forms of signs throughout the city for the purpose of abating LAMC sign violations. The four inspectors, who are funded by the General Fund, abate the sign violations by utilizing administrative abatement procedures and further enforcement efforts with the City Attorney.

Current DBS Off-Site Sign Enforcement:

As stated in the OSSPIP Data Summary, 525 off-site sign structures have no permit on record. The majority of these 525 structures are listed in the OSSPIP inventory record as subject to California Business and Professions Code Section 5216.1. This section is commonly referred to as the "Rebuttable Presumption" law and in brief states the following:

*"There shall be a rebuttable presumption pursuant to Section 606 of the Evidence Code that an advertising display is lawfully erected if it has been in existence for a period of five years or longer without the owner having received written notice during that period from a governmental entity stating that the display was not lawfully erected".*

For the current number of off-site sign structures listed with this reference in the inventory record, the Department has been unable to rebut the presumption, primarily due to the age of the sign structures, and no abatement actions have been taken. Alternately, the Department believes there is potential for a handful of the unpermitted sign structures to be abated and removed through enforcement. A careful inspection of each sign, coupled with careful review of the City's historic off-site sign regulations, could yield information demonstrating that at least some of the sign structures were not lawfully erected. This labor intensive effort would require additional funding for staff to perform these functions.

Comparatively, the Department has successfully pursued enforcement on off-sign sign structures that were installed without permits after the enactment of the 2002 off-site sign prohibition. Enforcement actions were taken and evidence was presented to the City Attorney on 14 off-site sign structures that fall into this category. The efforts of DBS and the City Attorney resulted in five large double faced sign structures being removed, as well as, a number of other smaller sign structures, and a number of additional sign structures currently being abated through criminal prosecution.

As stated in the OSSPIP Data Summary, 391 sign structures have been identified as being altered from its original permit record and are in violation of the code. Although the Department may not be certain when the alterations were performed, the Department does not consider that "Rebuttable Presumption" applies to these alterations and has taken action on a number of these sign structures to restore them back to their original approved condition. Due to the large number of altered sign structures in this category, the Department will take action on the remainder of altered sign structures in this category as sufficient inspector resources become available.

Historically, the Department has acted quickly and has been effective in abating alterations of off-site sign structures which the Department is certain have occurred since the initial OSSPIP survey and cataloging. The recorded data from the surveys facilitate enforcement by providing a clear historic record of important characteristics of the sign structure, thereby making affirmation of an alteration evident which complements the Department's ability to construct a strong enforcement case. The continued periodic monitoring also deters off-site sign operators from making alterations because of the increased probability that the alteration will be detected and abated through enforcement, since these signs (surveyed through OSSPIP) have clear historical records associated with them.

#### Future Off-Site Sign Enforcement Enhancements:

The OSSPIP ordinance could be amended to add additional fees that would support additional staff to perform records research and required research. The Department currently does not have any known permit records associated with 525 structures; therefore, if the Department were to conduct such research, they would require that additional resources to allocated for this purpose.

The DBS recommends that two additional Building Mechanical Inspectors dedicated to the OSSPIP be funded by a new probationary fee, as well as, a potential increase to the existing bi-annual \$170 fee which will enable the DBS to perform additional annual enforcement. In addition, depending on the outcome of the new sign ordinance, additional resources may be needed to ensure implementation and enforcement of the changes.

#### **2. Provide options on mechanisms to allow off-site signs outside sign districts:**

The draft citywide sign ordinances (City Planning Commission and City Attorney-prepared versions) retain the City's prohibition on off-site signs outside of sign districts and limit all digital signs, whether off-site or on-site, to sign districts. In addition, the draft ordinances lay out regulations that are more restrictive than existing conditions with respect to how and where a sign district can be established. The draft ordinances require both sign reduction and community benefits to establish a sign district, and the areas within which credit is given for sign reduction, as well as the areas in which community benefits must be provided, are intrinsically tied to the location of the sign district. Consequently, the draft ordinances lack incentives to reduce off-site signage in and around areas that do not meet the criteria for establishment of a sign district. Allowing off-site signs outside of sign districts would expand the range and scope of digital billboards and would not be fully consistent with the City Planning Commission's action, however the required sign reduction could fill this incentive gap, spread community benefits beyond areas proximal to sign districts, and generate additional revenue for the City.

It should be noted that if either of the draft sign ordinance versions were to be broadened to provide one or more mechanisms by which off-site digital signs could be authorized outside of sign districts, the environmental clearance for the draft ordinance would need to be reviewed to ensure the analysis reflects the modified enabling provisions. If such direction is provided, the Department of City Planning recommends that the City Attorney be consulted on the environmental analysis as part of the development of the ordinance.

Whatever mechanism is ultimately selected to allow off-site signs outside of sign districts, significant sign reduction, revenue sharing, and/or community benefits should be required in return. In addition, off-site signs outside of sign districts should be restricted by appropriate land use standards, the options for which were described in detail in the CLA/CAO/DCP joint report, dated May 19, 2016. Extracting from the aforementioned report, the following minimum standards are recommended if off-site signs are authorized outside of sign districts:

- **Location:**
  - Off-site signs are recommended to be restricted to commercially or industrially zoned properties designated as Regional Center Commercial, General, Highway Oriented Commercial, Community Commercial, or Industrial in the General Plan
  - Off-site signs are recommended to be prohibited in the following locations:
    - Properties designated as Neighborhood or Limited Commercial in the General Plan
    - Properties within an Historic Preservation Overlay Zone
    - Along designated scenic highways
    - Public parks
    - Civic buildings
  - Off-site signs are recommended to continue to be prohibited in:
    - Residential zones
    - Properties within a specific plan that prohibits off-site signs
  - Off-site signs outside sign districts are recommended to be a minimum of 500 feet from the following sensitive uses:
    - Single family zones
    - State or national parks
    - Ecological preserves
    - River Implementation Overlay
    - Scenic overlays
- **Digital Display Standards:** Illumination and brightness, hours of operation, restrictions on message frequency, and restrictions on animation and refresh rates are recommended to be in line with the standards in the draft sign ordinance recommended by the City Planning Commission.

- **Existing Regulations:** Regulations currently in effect that regulate off-site signs with respect to dimensions, spacing, and freeway exposure are recommended to be retained. However, it is recommended that the spacing between off-site signs with digital displays be doubled.
- **Required Sign Reduction:** Off-site signs allowed outside of sign districts are recommended to be offset by significant sign reduction.
- **Required Community Benefits:** Off-site signs allowed outside of sign districts are recommended to be offset by appropriated community benefits.

It is recommended that the minimum criteria by which off-site signs would be allowed outside of sign districts be set forth in codified regulations, so as to provide a clear framework for future operators. Such regulations should also specify the process and procedures by which applications for proposed off-site signs outside of sign districts are accepted, reviewed, and approved.

The following requirements are recommended in exchange for any permit to erect an off-site sign outside of a sign district:

- **Sign Reduction:** Currently, the location of existing off-site signs is not evenly distributed throughout the City; some geographical areas contain a larger concentration of off-site signs than others. Therefore, it is recommended that the sign reduction requirement be set at a minimum of 8:1, with at least 50 percent of the reduction occurring in an “impacted” area within a five-mile radius of the relocated sign, and up to 50 percent of the reduction occurring outside the radius.
- **Community Benefits:** In allowing off-site signs outside of sign districts, community benefits could be required in addition to the minimum required sign reduction to offset impacts of the off-site sign on a community. The following are community benefits that have been considered and were included in the prior CLA/CAO/DCP joint report, dated May 19, 2016:
  - Streetscape improvements
  - Public art program
  - Public transportation programs
  - Funding for safety-related maintenance or upgrades for transit-related services, including charter buses, dial-a-ride, or other public transit service
  - Funding for safety-related purchase, lease, or rental of transit-related equipment, including buses, trucks, transit shelters, or street furniture
  - Funding consultant studies, City staff costs, land acquisition, design or construction of sidewalks, curb improvements, speed humps, street resurfacing, traffic lane or pedestrian marking and signage, and beautification projects needed to improve conditions for users of the public right-of-way
  - Public safety, public service and/or emergency messaging
  - Free use of available advertising space
  - Voluntary restrictions on content (example Beaumont - no adult material)
  - Community public benefit programs

## Process Options

The following are potential mechanisms for allowing and regulating off-site signs outside of sign districts:

- **Off-Site Signs by Relocation Agreements**

Other California cities have utilized relocation agreements in connection with the relocation of existing static and digital billboards to other sites in those cities.

Relocation Agreements are authorized by the California Outdoor Advertising Act (California Business and Professions Code Section 5412), which “prohibits removal of a lawfully erected advertising display without payment of compensation.” The section further authorizes a local entity to enter into an agreement with a display owner to relocate a display (relocation agreement) as quoted below:

*Cities, Counties, cities and counties, and all other local entities are specifically empowered to enter into relocation agreements on whatever terms are agreeable to the Display owner and the city, county, city and county, or other local entity, and to adopt Ordinances or resolutions providing for relocation of displays.*

The California Outdoor Advertising Act specifically defines relocation as the “removal of a display and construction of a new display to substitute for the display removed”. As such, a reduction in the City’s existing off-site signs could be facilitated by the use of relocation agreements that offer the placement of off-site signs in locations outside of a sign district. Relocation agreements could be used for off-site signage on privately-owned or City-owned property. If the City were to employ the use of relocation agreements, consideration should be given to developing minimum standard criteria, as reviewed above, to which each relocation agreement would be required to adhere. Such criteria would include limitations as to where signage would be allowed to be relocated, illumination standards, as well as the minimum requirements for sign reduction, revenue sharing, and/or community benefits.

Relocation agreements could enable the terms of allowing off-site signs outside a sign district on a case-by-case basis, tailored to the circumstances of a particular area or geography. The agreement could stipulate signage to be removed, the location of the new sign, revenue sharing, and any specific community benefits required. Relocation agreements could generate additional City revenue and could be useful in reducing off-site signage in areas that would not otherwise qualify for a sign district or are not likely to be proximal to a sign district.

Further, relocation agreements do not allow a net increase in signs. Rather, they have the potential to consolidate the rights of multiple off-site signs, through sign reduction, into one relocated off-site sign. It is important to note that the consolidated existing off-site signage would most likely be static signs, and the relocated off-site sign would most likely be digital, carrying with it the potential for

increased community impacts, which may be offset by the cumulative reduction in existing off-site signs and community benefits.

### **Relocation Agreement Cap**

It is recommended that as part of any ordinance or program, the number of new digital sign faces citywide resulting from relocation agreements be capped. A citywide cap of 150 digital sign face is recommended to protect against the proliferation of digital billboards and provide certainty to the overall program's outcome.

### **Relocation Agreement Process**

Each relocation agreement would be subject to environmental review and clearance, as well as a public review process as detailed below.

- **Off-Site Signs on City-owned Property**

An important policy decision will need to be made to determine whether to allow off-site digital signs outside of sign districts on City property only, or to allow off-site digital signs outside of sign districts on both City and private property. In its action dated January 12, 2016, the City Planning Commission disapproved allowing off-site signs outside of sign districts on private property. However, the Commission indicated its support for the additional study of off-site signs outside sign districts on City-owned property under certain conditions. Off-site signs outside of sign districts on City-owned property could be authorized by relocation agreements and would be recommended to be subject to the same overall citywide cap of 150 new digital sign faces.

- **Process for Allowing Off-Site Signs Outside of Sign Districts**

It is recommended that the Council will utilize an equitable and transparent process in making determinations regarding baseline limitations and requirements for the City's regulations of off-site signs outside of sign districts, and in creating the regulatory body that will authorize off-site signs outside of sign districts. A public participation process would allow communities potentially impacted by a new or relocated off-site sign to have an opportunity for input. The process should include a standard application procedure, with organized intake and clearance review, to ensure compliance with regulations. In addition, it is recommended that the process include a public hearing to elicit community input with written notice to the surrounding property owners and residents within a 500-foot radius. The Department of City Planning would review each application and make a recommendation for Commission review and subsequent Council review. It is also recommended that any final process for allowing off-site signs outside of sign districts be developed in consultation with the City Attorney.

**3. Update the fee schedule** - Including but not limited to enforcement fees, community benefit funds and shared revenues:

### **Relocation Agreements**

The CAO and CLA have reviewed ordinances and spoken to staff from other jurisdictions within California. Although many jurisdictions have not amended their ordinances to allow digital billboards, over 35 California jurisdictions allow conversion of static billboards to digital billboards, usually with a requirement that a specified number of static billboards be removed in exchange for allowing one digital billboard. Some jurisdictions which did not have regulations prohibiting digital billboards have amended their ordinances to limit or prohibit the installation of any additional digital billboards. Using relocation agreements, other cities have reduced total billboard signage, received one-time public benefits, and created on-going revenue streams through fixed annual payments or gross advertising revenue splits.

Relocation agreements should include a combination of the following:

- 1) a base sign reduction requirement set at 8:1 (Attachment 1) with a minimum of 50 percent of the reduction in the reconstruction area within a five-mile radius of the relocated sign and, up to, 50 percent of the reduction outside the radius;
- 2) a gross advertising revenue share;
- 3) one-time impact fee payment or equivalent public benefits; and,
- 4) limited use of space on digital signs.

### **Enforcement Fees**

The OSSPIP ordinance could be amended, in one of the following ways:

- 1) Amend the inspection cycle from two years to one year and add additional inspection staff to address the increased workload. This option requires an ordinance change to amend the inspection cycle from two years to one year.

This change will double the OSSPIP inspection workload which would be offset by increased revenue from the OSSPIP fee being paid every year instead of every two years; or,

- 2) Keep the inspection cycle at two years, but add additional inspection staff to address LAMC violations.

This option does not require an ordinance change. The additional inspection staff costs could be offset by existing code violation inspection fees which recover some of the City's costs for citing non-compliant properties and issuing orders to comply; or,

3) Amend the inspection cycle from two years to one year, add additional inspection staff to address the increased workload, and add a probationary inspection fee to fund additional inspections on signs which violate the LAMC.

This option requires an ordinance change to amend the inspection cycle from two years to one year. This change will double the OSSPIP inspection workload which would be offset by increased revenue from the OSSPIP fee being paid every year instead of every two years. Additionally, a new "probationary" fee ordinance is needed to implement and charge sign companies with non-compliant signs. This fee would pay for additional inspections throughout the year to ensure compliance. This fee would only be charged to sites where an Order to Comply or other citation is issued; or,

4) Keep the inspection cycle at two years, add additional inspection staff to address LAMC violations, and add a probationary inspection fee to fund additional inspections on signs which violate the LAMC.

This option requires a new "probationary" fee ordinance is needed to implement and charge sign companies with non-compliant signs. This fee would pay for additional inspections throughout the year to ensure compliance. This fee would only be charged to sites where an Order to Comply or other citation is issued.

## Proposed Menu of Relocation Agreement Options

Reduction Ratio	8:1	6:1	4:1
<b>Brief Explanation</b>	8 sq. ft. of static removed for every 1 sq. ft. of digital reconstructed	6 sq. ft. of static removed for every 1 sq. ft. of digital reconstructed	4 sq. ft. of static removed for every 1 sq. ft. of digital reconstructed
<b>Required Reduction in Reconstruction Area*</b>	For every 1 sq. ft. of digital: <b>Min</b> - 4 sq. ft. of static removed in reconstruction area <b>Max</b> - 4 sq. ft. of static removed outside reconstruction area	For every 1 sq. ft. of digital: <b>Min</b> - 3 sq. ft. of static removed in reconstruction area <b>Max</b> - 3 sq. ft. of static removed outside reconstruction area	For every 1 sq. ft. of digital: <b>Min</b> - 2 sq. ft. of static removed in reconstruction area <b>Max</b> - 2 sq. ft. of static removed outside reconstruction area
<b>Revenue Sharing</b>	A 0%	X%	X% + A%
<b>Public Benefits (one-time)</b>	Fixed amount based on a City-wide billboard/signage mitigation impact fee nexus study.	Fixed amount based on a City-wide billboard/signage mitigation impact fee nexus study.	Fixed amount based on a City-wide billboard/signage mitigation impact fee nexus study.

\* Remaining required reduction can be met anywhere outside of the reconstruction area.