

CITY OF LOS ANGELES
CALIFORNIA

JUNE LAGMAY
City Clerk

HOLLY L. WOLCOTT
Executive Officer

When making inquiries relative to
this matter, please refer to the
Council File No.



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK

Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
General Information - (213) 978-1133
Fax: (213) 978-1040

SHANNON HOPPE
Council and Public Services
Division

www.cityclerk.lacity.org

October 18, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council
File No. 12-1611, at its meeting held October 16, 2012.

A handwritten signature in cursive script that reads 'June Lagmay'.

City Clerk
OS

12-1611
Ref. 08-1573-52

MOTION

OCT 10 2012

Despite recent efforts to clarify the City's sign regulations, the state of off-site digital signs in the City is unsettled. The City is currently in litigation over settlement agreements that resolved prior litigation over the City's sign regulations. Pursuant to settlement agreements with the City, certain sign companies previously agreed to take down a percentage of their total billboard inventory in the City and to apply for permits to modernize a limited number of traditional signs to digital. These agreements did not provide for a revenue component whereby the companies would provide revenue to the City in connection with their operation of digital signs. Thereafter, some sign take-downs were completed, a number of traditional signs were modernized pursuant to Department of Building and Safety permits, and other permit applications were filed without permits being issued.

Another sign company sued the City in 2008 challenging one of the City's settlement agreements. That litigation, *Summit Media, LLC v. City of Los Angeles* (Case No. B220198), is pending in the Court of Appeal and creates uncertainty over the status of existing signs modernized pursuant to City permits, signs that were in the process of modernization, as well as other modernizations contemplated by the settlement agreements. The City could potentially face legal and financial risks as a result, and potential disputes related to the settlement agreements could impact City resources regardless of how the court rules. Oral argument is now scheduled for this matter at the Court of Appeals on October 30, 2012.

Meanwhile, the City's budget crisis has worsened and the City is challenged to find revenue for community benefits and basic services. The City does not receive any revenue from existing digital signs, and the City has not yet taken advantage of opportunities for public benefits presented by digital signs.

It is critical that the City act now – before any Court of Appeal ruling could affirm the validity of the prior settlement agreements – and create a framework for the City to obtain public benefits from sign companies and to allow fewer total digital conversions than the number addressed by the City's existing settlement agreements. Regardless of the outcome of *Summit Media*, the City faces potential further litigation and financial liabilities, and the City should create a viable framework through legislation to deal with existing digital signs, digital signs that were in process or otherwise contemplated by the settlement agreements, and other potential sign modernizations that could provide opportunities to reduce the number of signs in the City or fund vital City services.

Such an ordinance could generate significant revenue for the City each year and help ensure that the City is able to continue delivering vital services. The City could also avoid substantial potential liabilities and conserve valuable City resources by addressing the status of digital signs, and reduce the total number of signs in the City. Such potential legislation should be carefully reviewed in the open and include guidelines that protect residential neighborhoods.

OCT 10 2012



I THEREFORE MOVE that the City Council instruct the Planning Department and the Chief Legislative Analyst to immediately convene a working group that includes sign companies that have settlement agreements with the City and that are interested in resolving potential legal disputes about those agreements through a framework providing public benefits to the City in connection with digital signs and reducing the number of signs in the City. Within thirty days, the working group, working closely with the Planning Department and the Chief Legislative Analyst, is to provide the Budget & Finance Committee with draft legislation and draft binding agreements that would address digital sign issues and extinguish the City's potential liabilities in relation to the settlement agreements. Such legislation should create a process to reduce the total number of signs in the City and provide substantial public benefits focused on aesthetics. It should also resolve issues relating to the legality of modernization permits and applications, address the legality of existing digital signs pursuant to criteria to be recommended by the working group, and address other potential issues involving digital sign modernizations. Consideration should be given to an advance contribution of public benefits that allows for significant payments to the City within one year of passage in order to assist with the City's current, pressing budget shortfall and meet the service needs of the people of Los Angeles.

I FURTHER MOVE that a closed session be scheduled with the City Attorney's office to discuss matters related to the *Summit Media* Case in light of the upcoming Oral arguments on October 30, 2012.

PRESENTED BY:

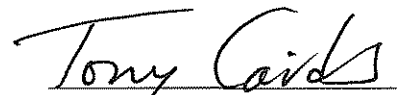


ED REYES
Councilmember, 1st District



PAUL KREKORIAN
Councilmember, 2nd District

SECONDED BY:



TONY CARDENAS
Councilmember, 6th District

ADOPTED
AS Amended
OCT 16 2012
See Attached Motion
LOS ANGELES CITY COUNCIL

ORIGINAL

MOTION

I MOVE that the motion on today's agenda pertaining to billboards, Item #10 (CF 12-1611) BE AMENDED to append the following to the motion:

I FURTHER MOVE that, upon the completion of the working group's deliberations, the Chief Legislative Analyst work with the Department of Neighborhood Empowerment to provide a notification to all of the City's Neighborhood Councils of any legislation or agreements proposed by the working group.

I FURTHER MOVE that no legislation or agreement proposed by the working group shall become binding unless they have been heard in both the Planning and Land Use Management and the Budget and Finance Committees.

I FURTHER MOVE that no legislation or agreement proposed by the working group shall become binding unless they have been considered and approved in a regular meeting of the Council and should not be scheduled as an item on a special agenda.

Presented by: Paul Kerkorian
PAUL KREKORIAN
Councilmember, 2nd District

Seconded by: [Signature]

ORIGINAL

ADOPTED
As Amended
OCT 16 2012
See Attached Motion
LOS ANGELES CITY COUNCIL

[Signature]
OCT 16 2012

AMENDING MOTION

I HEREBY MOVE that Council APPROVE the following recommendations (Item No. 1, Council file No. 12-1611) relative to convening a working group to address digital sign issues and extinguish the City's potential liabilities in relation to settlement agreements:

1. AMEND the first two sentences of Recommendation No. 1 of Motion (Reyes – Krekorian – Cardenas) to read as follows:

“INSTRUCT the Planning Department and the Chief Legislative Analyst (CLA) to immediately begin working to resolve potential legal disputes with billboard advertising companies that have settlement agreements with the City and other outdoor advertising companies through a framework providing public benefits to the City in connection with digital signs and reducing the number of signs in the City. Within 30 days, the Planning Department and CLA are to provide the Budget and Finance Committee with draft legislation and draft binding agreements that would address digital sign issues and extinguish the City's potential liabilities in relation to the settlement agreements.”

2. AMEND Motion 10A (Krekorian – Reyes) to read as follows:

“I FURTHER MOVE that, upon completion of City staff's consideration, the Chief Legislative Analyst work with the Department of Neighborhood Empowerment to provide a notification to all of the City's neighborhood Councils of any legislation or agreements proposed by staff.

I FURTHER MOVE that City staff outreach to the seven Neighborhood Council alliances.

I FURTHER MOVE that no legislation or agreement proposed by City staff shall become binding unless they have been heard in the Planning and Land Use Management, Budget and Finance, and Education and Neighborhoods Committees.

I FURTHER MOVE that no legislation or agreement proposed by City staff shall become binding unless they have been considered and approved in a regular meeting of the Council and should not be scheduled as an item on a special agenda.”

PRESENTED BY _____
PAUL KREKORIAN
Councilmember, 2nd District

SECONDED BY _____
ED P. REYES
Councilmember, 1st District

October 16, 2012

CF 12-1611

ADOPTED

OCT 16 2012

LOS ANGELES CITY COUNCIL