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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.

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**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:

  
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**ORIGINAL**