



# REPORT TO COUNCIL

## City of Sacramento 10

915 I Street, Sacramento, CA 95814-2604

www.CityofSacramento.org

Consent

December 15, 2009

Honorable Mayor and  
Members of the City Council

**Title:** 90-Day Extension – Digital Billboards

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** approving a 90-day extension of the exclusive right granted to Clear Channel Outdoor, Inc. to negotiate with the City on terms for constructing and operating digital billboards on City-owned sites.

**Contact:** Tom Zeidner, Senior Development Project Manager, 808-1931

**Presenters:** N/A

**Department:** Economic Development

**Division:** Citywide

**Organization No:** 18001031

### Description/Analysis

**Issue:** On August 25, 2009, the City Council adopted a resolution granting Clear Channel Outdoor, Inc. (“CCO”) a 120-day exclusive right to negotiate (“ERN”) on the terms of its construction and operation of digital billboards on City-owned sites. CCO had earlier responded to a City request for proposals (“RFP”) from outdoor advertisers interested in (1) leasing city property along major freeways for the purpose of constructing and operating two-sided digital billboards; and, in connection therewith, (2) removing existing “static” billboards. The CCO proposal was selected by a panel of staff representatives from the General Services, Community Development, and Economic Developments based upon selection criteria enumerated in the RFP, including the following:

- Use of best-available digital-billboards technology
- Proposed revenue generation to the city
- Sustainability features such as energy efficiency
- Design features of proposed digital billboards

- Extent of proposed removal of existing outdoor-advertising media

Although negotiations between the City and CCO have progressed since the Council's approval of the 120-day ERN on August 25, 2009, they are not yet complete because of complications outside CCO's control. These complications all relate to identification of the city-owned sites that CCO would lease for its digital billboards. Caltrans has informed city staff that digital billboards located adjacent to freeways must be on sites zoned for commercial or industrial uses. Some of the city-owned sites originally identified as suitable for digital billboards do not meet this requirement, so city staff and CCO have had to locate alternative city-owned sites that are suitable for digital billboards. Negotiations were prolonged as a result, as was preparation of the CEQA analysis (a mitigated negative declaration), which must identify the specific properties that will be affected by the proposed digital billboards. Also delayed was staff's drafting of an ordinance that will amend the City Code to allow the digital billboards. This amendment is needed because, as explained in the report presented to Council on August 25, the City Code currently does not authorize the construction of digital billboards. What's more, in October 2007 the City Council enacted an ordinance that established interim restrictions on construction of new offsite signs, digital or otherwise, within the city. Those restrictions are still in effect.

Staff expects to have the amendment of the City Code ready for the Council's consideration in February or early March 2010, when the CEQA analysis of the digital billboards will also be available for Council consideration. At that time, staff will also present the Council with the proposed lease and relocation agreements that, if approved, will authorize CCO to construct the new digital billboards on City property and require that CCO remove certain existing signs.

The accompanying resolution authorizes a 90-day extension of CCO's ERN to March 25, 2010.

**Policy Considerations:** The actions recommended in this report are consistent with City goals for increasing and diversifying its revenue sources and City codes governing placement of new digital billboards.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Extension of the ERN is not a "project" subject to CEQA. (Cal. Code Regs., tit. 14, §15061(b)(3).) As noted in this report, staff will comply with CEQA before presenting any lease for the Council's consideration and possible approval.

**Sustainability Considerations:** Proposed terms for construction and operation of new digital billboards, as well as removal of existing billboards, will be negotiated in consideration of the City's Sustainability Master Plan adopted on December 18, 2007.

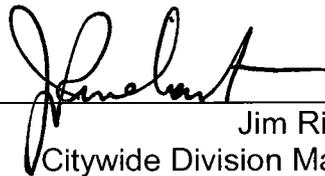
**Commission/Committee Action:** New digital billboards proposed in connection

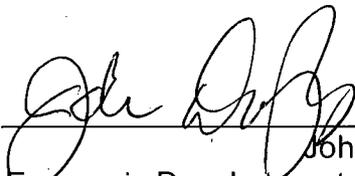
with the actions recommended herein will be subject to review by the Sacramento City Planning Commission prior to their consideration by the City Council.

**Rationale for Recommendation:** The actions recommended in this report are consistent with City goals and objectives of increasing and diversifying its sources of revenue.

**Financial Considerations:** The particular actions recommended in this report will have no direct impact upon the City. Financial ramifications of leasing City-owned property as sites for digital billboards will be discussed in future reports to the Council.

**Emerging Small Business Development (ESBD):** The ESBD Program does not apply to this action.

Respectfully Submitted by:  \_\_\_\_\_  
Jim Rinehart  
Citywide Division Manager

Approved by:  \_\_\_\_\_  
John Dangberg  
Interim Director, Economic Development Department

Recommendation Approved:

 \_\_\_\_\_  
Ray Kerridge  
City Manager

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**RESOLUTION NO.**

Adopted by the Sacramento City Council

**APPROVING A 90-DAY EXTENSION OF THE EXCLUSIVE RIGHT GRANTED TO CLEAR CHANNEL OUTDOOR INC. TO NEGOTIATE WITH THE CITY ON TERMS FOR CONSTRUCTING AND OPERATING DIGITAL BILLBOARDS ON CITY-OWNED SITES**

**BACKGROUND**

- A. On August 25, 2009, the City Council adopted Resolution No. 2009-558 granting Clear Channel Outdoor, Inc. (CCO) a 120-day exclusive right to negotiate (ERN) with the City on terms and conditions for (1) the construction and operation of digital billboards on City-owned sites along major freeways within the City; and (2) the removal of certain existing non-digital billboards (the “Terms”).
- B. City staff and CCO representatives have been negotiating diligently on the Terms, but because of unanticipated complications they need additional time to complete the negotiations.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

**Section 1.** The 120-day exclusive right to negotiate that the City Council granted to CCO by adopting Resolution No. 2009-558 on August 25, 2009, is hereby extended to March 25, 2010.