



Board Report

File #: 2023-0300, **File Type:** Agreement

Agenda Number: 13.

**PLANNING AND PROGRAMMING COMMITTEE
MARCH 20, 2024**

SUBJECT: DIGITAL BILLBOARD DEVELOPMENT AGREEMENT WITH THE CITY OF EL MONTE

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer, or their designee, to execute a 30-year development agreement with the City of El Monte (“City”) and AllVision (“AV”) to construct, own, and operate a digital billboard on Metro property adjacent to Division 9 at 3449 Santa Anita Avenue, El Monte (“Project”) (Attachment A);
- B. CONSIDERING, in accordance with the California Environmental Quality Act (CEQA), the environmental effects of the Project as shown in the Mitigated Negative Declaration (“MND”) prepared by the City of El Monte (Attachment B);
- C. ADOPTING, in accordance with CEQA, the four mitigation measures incorporated in the MND to reduce the impacts of the Project to a less than significant level;
- D. FINDING, in accordance with CEQA, that the four mitigation measures would avoid or mitigate the effects of the Project to a point where no significant effect on the environment would occur, and there is no substantial evidence that the Project, as mitigated, would have a significant effect on the environment; and
- E. AUTHORIZING the Chief Executive Officer to file a Notice of Determination with the Los Angeles County Clerk and the State of California Clearinghouse.

ISSUE

Metro and AV have negotiated a Development Agreement with the City to construct, own, and operate two digital billboard displays on Metro’s property adjacent to Division 9 at 3449 Santa Anita Avenue, El Monte (“Property”). See Attachment C for the Location and Site Plan. Over the past seven years, the City has taken a series of actions to allow for digital billboards and, in 2019, approved the Metro Property as a location for construction and operations of a digital billboard.

Approval of the Development Agreement requires board approval as both the 30-year term and the \$15 million value of the Agreement exceed the delegated authority of the CEO, which is no more than five years or \$500,000.

BACKGROUND

In January 2010, the Metro board approved awarding a License to Manage Billboard Advertising on Metro-Owned Property with AV. In August 2016 and April 2020, the Board approved extensions of the agreement. The current Board-approved extension requires entitlement, construction and commencement of billboard operations to be completed prior to 2028. Under the agreement, AV is responsible for the following:

1. Site Development,
2. Securing entitlements from local jurisdictions for the installation and operation of outdoor advertising signs and
3. Soliciting and managing outdoor advertising sales companies to provide revenue generation at Metro-owned and approved locations.

On July 18, 2017, the El Monte City Council adopted an ordinance that provided for a Freeway Billboard Overlay Zone that would allow for the construction and operation of digital billboards in seven areas. On December 17, 2019, the City approved an MND for a Freeway Billboard Overlay Zone (Attachment B) that incorporated three additional areas, including the Metro Property. On November 15, 2022, the City passed Resolution 3017 (Attachment D), which approved the Development Agreement with Metro and AV.

On August 23, 2023, Caltrans issued an Outdoor Advertising Permit to operate the billboard on Metro's property.

DISCUSSION

The proposed location for the billboard is next to the 1-10 Freeway right-of-way. The proposed installation site (further shown in Attachment C) is compatible with the uses and structures on the site and surrounding area. It will not affect onsite access or circulation. The nearest structures are one-story structures used for bus maintenance and storage. Traveling westbound, the billboard will be located in an area after vehicles entering the freeway from Santa Anita Avenue have already merged with travel lanes. The next exit is more than one-half (1/2) mile away. Therefore, the proposed billboard will not create traffic or safety problems. The billboard base will be outside the Metro fenced area for bus maintenance and parking. Therefore, it will not affect any onsite parking or landscaping required by the Zoning Code.

The proposed sign includes two 48-foot-wide by 14-foot-tall digital displays with the overall height being 75 feet above grade, which is well below the 90 feet allowed in the City. Caltrans approval was needed to approve landscape declassification. The Caltrans permit is administrative, and AV will apply for full entitlement.

California Environmental Quality Act (CEQA)

The City, as the Lead Agency, prepared an Initial Study and a MND. Metro is a Responsible Agency for the purpose of CEQA. A responsible agency complies with CEQA by considering the environmental document prepared by the Lead Agency and by reaching conclusions on whether and how to approve the Project.

Before deciding on the Project, Metro must consider its environmental effects, as shown in the MND. The MND reviewed all possible environmental impacts that could result from the construction and ongoing operation of an electronic billboard at Metro Division 9. The Project, prior to mitigation, could have potentially significant negative effects on the environment and cultural resources (as noted below). However, the following mitigation measures in the MND will avoid or mitigate these impacts to no significant effect on the environment:

1. Aesthetics - The billboard shall comply with the El Monte Municipal Code, which provides minimum display time, level and type of lighting, etc.
2. Cultural Resources - AV shall obtain the services of a qualified Native American Monitor during construction-related ground disturbance activities. The monitor(s) must be approved by the tribal representatives and will be present on-site during the construction phases that involve any ground-disturbing activities.
3. Cultural Resources - Before any grading activity on site, AV shall retain a qualified paleontologist. The paleontologist shall be approved by the City's Community and Economic Development Director and shall be on-site during grading at depths of six feet or more.
4. Hazards and Hazardous Materials - The billboard shall not be installed on a site that is identified as contaminated in any hazardous site database that is maintained by the California Environmental Protection Agency or the United States Environmental Protection Agency.

With these mitigation measures, there is no substantial evidence that the Project may have a significant effect on the environment or cultural resources. Furthermore, the proposed billboard will meet all requirements of the City and Caltrans. Therefore, no further environmental analysis is required.

Development Agreement

The Development Agreement is a tri-party agreement between the City, Metro, and AV. The City is the governing authority that adopted the ordinance to construct and operate the billboard on Metro property. Metro is the owner of the Property and will also be the owner of the digital sign structure once it has been installed. AV will handle the following core responsibilities:

- Secure building and electrical permits from the City.
- Finance and construct the sign structure on Metro property.
- Operate and manage the sign structure.
- Manage the solicitation and management of the outdoor advertising sales company.

Key terms of the Development Agreement include:

- The term of the agreement is for 30 years, commencing when the billboard is constructed and operational.
- AV will front all construction costs, which will be reimbursed from the billboard revenues over the first five years of operation.
- Over the term, the percentage of the revenue received from the selected outdoor advertising company will be paid to the City according to the following schedule:

| Year | City Minimum Guaranteed* | City Share |
|---------|--------------------------|------------|
| 1 - 10 | \$80,000 | 10% |
| 11 - 20 | \$100,000 | 15% |
| 21 - 30 | \$125,000 | 20% |

*City will receive the greater of the Guaranteed Minimum or the City Share annually.

- Metro will retain all revenue over the City's share, less AV's operating costs and management fee.
- The City shall have the right to place public service announcements at no cost, not to exceed 5% of the total display time.
- Active members of the El Monte - South El Monte Chamber of Commerce are allowed a 10% discount on advertising rates.
- On both sides of the billboard, AV will install and maintain a sign reading "City of El Monte" in a design approved by the City.

All advertising content will comply with Metro advertising standards. Metro will be able to utilize the billboard for public messaging for every one out of eight segments (eight seconds each) and have immediate access to emergency messaging.

DETERMINATION OF SAFETY IMPACT

The digital billboard will enhance public safety by displaying Metro transit messages and emergency alerts. The displays will be adequately designed for structural support and meet all federal, state, and local design codes.

FINANCIAL IMPACT

The Project will generate additional revenue for public transportation purposes. No Metro capital or operating expenditure is required as AV is responsible for the upfront costs of the CEQA process and will then be reimbursed for those costs from future billboard revenues.

The total revenue for Metro is estimated to be \$15 million over the 30-year term and is recognized as advertising income. With projected Year 1 income of \$1 million, it is highly unlikely that Metro will ever pay out of pocket to ensure the City's guaranteed payment. However, in the unlikely event that the annual advertising revenue falls below \$80,000 in any year, Metro would be responsible for paying the City to make up the difference. The revenue generated is eligible for bus and rail operations.

Impact to Budget

There is no impact on the Budget.

EQUITY PLATFORM

The revenue generated will be eligible for all bus and rail operations and capital improvements, including first-last mile improvements throughout Los Angeles County. The use of the funds will be programmed annually through the Metro budget process, which includes evaluation through the Metro Budget Equity Assessment Tool (MBEAT) and EFC Budget Assessment. Metro's messaging on the billboard will be multi-lingual and provide information about Metro programs, including LIFE and GoPass.

Metro will also have access to immediate messaging in the event of an emergency.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Project will yield enhanced communication and support, supporting the following Metro Vision 2028 Plan Goals:

- Goal 1 - Provide high-quality mobility options that enable people to spend less time traveling;
- Goal 3 - Enhance communities and lives through mobility and access to opportunity;
- Goal 4 - Transform LA County through regional collaboration and national leadership; and
- Goal 5 - Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the Development Agreement. This is not recommended as the digital sign will display Metro transit messages and safety alerts and is expected to generate a minimum of \$15 million in added revenues to Metro over the term of the Development Agreement.

NEXT STEPS

Execute the Development Agreement and submit the building and electrical permit application to the

City.

ATTACHMENTS

Attachment A - Development Agreement between the City of El Monte, All Vision LLC, and Los Angeles Metropolitan Transportation Authority

Attachment B - Initial Study and Mitigated Negative Declaration for the Freeway Billboard Overlay Zone Municipal Code Amendment

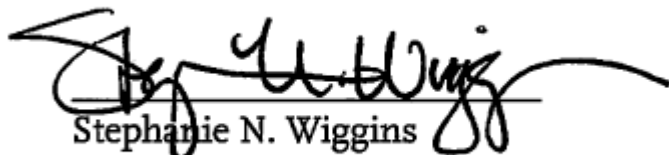
Attachment C - Location and Site Plan

Attachment D - City of El Monte Ordinance No. 3017

Prepared by: John Beck, Manager, Transportation Planning Real Property & Asset Management,
(213) 922-4435

Holly Rockwell, Senior Executive Officer, Real Estate and Transit Oriented
Communities (213) 547-4325

Reviewed by: Ray Sosa, Chief Planning Officer, (213) 547-4274

A handwritten signature in black ink, appearing to read 'Stephanie N. Wiggins', with a long horizontal flourish extending to the right.

Stephanie N. Wiggins
Chief Executive Officer