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February 22, 2013

Mr. Michael LoGrande
Director of Planning
City Planning Department
200 North Spring Street, Stop 395
Los Angeles, CA 90012-2601

Re: Submittal of Citywide Relocation Agreement Application

Dear Mr. LoGrande:

Clear Channel Outdoor, Inc., submits the attached application for a proposed relocation agreement between the City of Los Angeles and Clear Channel that would permit 77 existing digital signs in their current locations pursuant to the City's authority under Los Angeles Municipal Code Section 14.4.4.B.11 and the California Outdoor Advertising Act ("OAA"). As detailed in the application, if an agreement can be reached, Clear Channel proposes to convert five displays back to traditional displays. The relocation agreement would also confirm the legality of the existing off-site digital signs at 77 locations in the City through confirming the removal of traditional signs at a rate of three to one and/or the provision of public benefits that provide aesthetic and traffic safety improvements.

Ongoing Litigation Regarding the Validity of Clear Channel's Digital Sign Permits

As you know, Clear Channel's digital signs are the subject of litigation, with Petitions for Review currently pending before the California Supreme Court in *Summit Media, LLC v. City of Los Angeles*, 211 Cal.App.4th 921 (2012). The Court may grant review and reverse the Court of Appeal's decision, which rejected the City's authority to resolve sign-related litigation through a settlement agreement. That agreement, approved by the Mayor, City Attorney, City Council, and Superior Court, recognized Clear Channel's right to the digital sign permits at issue in *Summit Media*. In reliance on that agreement, as incorporated into the Superior Court's judgment, Clear Channel received permits to convert many of its traditional signs to digital, carried out those conversions, and removed more than 26,000 square feet of traditional sign area. If the Supreme Court does not grant review in *Summit Media*, the Court of Appeal's decision may call into question the continuing validity of these digital permits.

Clear Channel firmly believes its permits remain lawful notwithstanding the *Summit Media* decision. As explained more fully in the attached letter, to protect its rights, Clear Channel has notified the Department of Building and Safety that it will initiate further

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proceedings before DBS if the Supreme Court denies review in *Summit Media*, and put the City on notice of the City's obligation to pursue dispute resolution and pay just compensation for any signs interfered with. Should the City decline to resolve the status of these signs amicably and fairly, those steps could result in costly litigation, further disruption to the City's sign regulations, and well over \$100 million in liability for the City.

In hopes of avoiding those legal proceedings and eliminating all doubt about the legality of its digital permits, Clear Channel proposes that the City enter into relocation agreements under the Municipal Code and the OAA. Entering into a relocation agreement is one way in which the City can avoid costly litigation. As explained in the other letters submitted today, Clear Channel stands ready and willing to work with the City to consider other mutually-beneficial solutions.

California and Los Angeles Law Encourage Relocation Agreements to Avoid Liability

State law encourages cities and other municipalities to enter into relocation agreements to resolve litigation and avoid the expenditure of public funds. Accordingly, the City's Municipal Code does not prohibit digital "off-site signs [that] are specifically permitted pursuant to a relocation agreement entered into pursuant to California Business and Professions Code Section 5412." Los Angeles Municipal Code § 14.4.4.B.11. Adopted by the City Council in 2005, this exception was intended to "allow the issuance of building permits for the relocation of existing off-site signs when the City and the sign owner have mutually agreed to enter into a relocation agreement pursuant to the provisions of California Business and Professions Code Section 5412."¹

The OAA—specifically Section 5412—fully supports the City's implementation of the proposed Relocation Agreement. Although relocation agreements may be used to avoid the requirement that a local government pay just compensation to the owner of an advertising display where it seeks to compel the display's removal,² the clear legislative intent of Section 5412 is to facilitate broadly the orderly and sensible implementation of local land-use planning and cooperation between public and private entities to achieve those goals. Section 5412 states, in part:

It is a policy of this state to encourage local entities and display owners to enter into relocation agreements which allow local entities to continue development in a planned manner without expenditure of public funds while allowing the continued maintenance of private investment and a medium of public communication. 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 county, city and county, or other local

¹ City Attorney Report R05-0202, Los Angeles Council File No. 05-1078 (June 13, 2005).

² Cal. Bus. & Prof. Code § 5412.

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entity, and to adopt ordinances or resolutions providing for relocation of displays.³

Municipalities across California have recognized the advantages of using relocation agreements under the OAA to facilitate environmentally and economically sensible implementation of local land-use policies governing off-site advertising displays. In recent years, the cities of Sacramento,⁴ Oakland,⁵ Berkeley,⁶ Santa Clara, and Hayward have all entered into successful relocation agreements pursuant to the OAA. Some cities have used relocation agreements to secure funding for municipal projects or revenue and coordinate with sign companies on appropriate plans for removal and relocation of signs in those jurisdictions—and Clear Channel is willing to reach such relocation agreements with the City of Los Angeles.

A Relocation Agreement Would Benefit the City

Entering into a relocation agreement with Clear Channel would benefit the City and its residents in several ways. *First*, a relocation agreement would be consistent with the City's obligation to "work together in good faith to implement [the stipulated judgment] in a manner that achieves its intents and purposes." Stipulated Judgment at ¶ 26, *Vista Media Group, Inc. v. City of Los Angeles*, No. BC 282832 (Feb. 2, 2007).

Second, such an agreement would eliminate the prospect of costly litigation and significant liability associated with removing or otherwise impairing Clear Channels use of its digital signs.

Third, and most importantly, well-regulated digital signs are good for the City, along with its citizens, businesses, and civic organizations. Clear Channel's existing digital signs allow commercial and public interest messages to be kept current in a manner impracticable with traditional signage. They make outdoor advertising more accessible to business in the City, particularly to small businesses and not-for-profit organizations. Digital technology also allows the prompt display of time-sensitive emergency and law enforcement messages, and the promotion of shorter-duration projects such as political campaigns and community events. Transportation agencies, police departments, and other emergency services use Clear Channel's digital signs to rapidly disseminate information to the public about highway closures and other public safety issues. As part of its efforts to ensure that the City continues to benefit from digital signage, Clear Channel proposes to continue provision of Digital Sign Public Service Messages at each of the existing digital signs subject to the Relocation Agreement and maintain the access of residents across the City to public safety information and alerts.

A relocation agreement is but one option by which the City may confirm the legality of the existing digital signs. Other possible solutions are detailed in the attached letter sent to City

³ Cal. Bus. & Prof. Code § 5412 (emphasis added).

⁴ See City of Sacramento, Resolution No. 2010-620, October 26, 2010.

⁵ See City of Oakland, Resolution No. 82413, December 16, 2009.

⁶ See City of Berkeley, Resolution No. 63,632-N.S., March 27, 2008.

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officials earlier today. We look forward to collaborating with the City in successfully negotiating a relocation agreement or other possible solution for Clear Channel's existing off-site digital signs.

Please do not hesitate to contact me if you have any questions regarding Clear Channel's proposed relocation agreement or would like to discuss this application further.

Very truly yours,


Sue Lucinda Starrett
of LATHAM & WATKINS LLP

Enclosure

cc: Alan Bell, Deputy Director, Department of City Planning (without enclosure)