

CITY OF OAKLAND

**AGENDA REPORT**

**TO:** Community and Economic Development (CED) Committee of the City Council  
**ATTN:** Steven Falk, Interim City Administrator  
**FROM:** Councilmember Noel Gallo, Councilmember Kevin Jenkins, and Councilmember Rebecca Kaplan  
**DATE:** May 23, 2023

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**A RESOLUTION: (1) AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND ENTER INTO TWO RELOCATION AGREEMENTS: ONE WITH BECKER BOARDS, L.L.C. (“BECKER”) AND ONE WITH OUTFRONT FOSTER INTERSTATE LLC (“OFI”), WITH EACH AGREEMENT INCLUDING, WITHOUT LIMITATION, THE FOLLOWING: (A) ALLOWING BECKER AND OFI TO REMOVE AND WAIVE ITS RESPECTIVE RIGHTS TO JUST COMPENSATION TO CERTAIN EXISTING ADVERTISING SIGN FACES AT VARIOUS LOCATIONS IN THE CITY OF OAKLAND IN EXCHANGE FOR BECKER’S AND OFI’S CONSTRUCTION OF UP TO FIVE NEW DOUBLE-SIDED DIGITAL ADVERTISING SIGNS EACH ON PRIVATE PROPERTY, (B) REQUIRING BECKER AND OFI TO EACH MAKE ANNUAL PAYMENTS TO DESIGNATED NONPROFITS AND THE CITY, AND (C) OTHER SUBSTANTIVE TERMS; AND (2) ADOPTING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS**

**SUMMARY**

We are respectfully requesting that the City Council adopt a resolution to permit the City to enter into two (2) relocation agreements (Relocation Agreements), one Relocation Agreement with Becker Boards, L.L.C., a California limited liability company (Becker), and one Relocation Agreement with Outfront Foster Interstate LLC, a Delaware limited liability company (OFI), regarding the specific sites for Advertising Signs (as defined in the Oakland Planning Code) identified in the related Resolution on Exhibit C (for Becker’s signs) and Exhibit D (for OFI’s signs) and other substantive terms. The Relocation Agreements will result in the removal of fifty (50) existing Advertising Sign faces throughout various Oakland neighborhoods in exchange for ten (10) new double-sided digital billboards with freeway visibility. The Relocation Agreements are consistent with existing City ordinances.

## **FISCAL IMPACT**

The proposed Relocation Agreements will result in potentially Sixty-Eight Million Dollars (\$68,000,000) of funding for the City and certain designated Oakland-based nonprofit organizations, projected from the operation of each of the proposed Advertising Signs for the proposed term of the Relocation Agreements. This is an average of over One Hundred Sixty-Eight Thousand Dollars (\$168,000) per Advertising Sign per year over the life of the Relocation Agreements.

While some minimal expenditure of City funds could be expected in administrative costs to enter into the Relocation Agreements and to issue the building permits for the Advertising Signs, those costs would be mitigated by the required payment of a combined Fifty Thousand Dollars (\$50,000) to the City for Planning and Building Department fees upon entering into the Relocation Agreements.

There will be no fiscal impact to the City for removing the existing fifty (50) Advertising Sign faces, as Becker and OFI would each waive their rights to just compensation related to the removal of existing Advertising Signs, including with respect to all real property and personal property interests related thereto. Furthermore, Becker and OFI will cover 100% of the costs of removing such existing Advertising Sign faces.

## **BACKGROUND**

In December 1997, the City of Oakland enacted Ordinance No. 12025 CMS, which prohibited the installation of new Advertising Signs anywhere in the City. In 2002, the City adopted an Ordinance to amend the Oakland Municipal Code to permit relocated and wholly reconstructed advertising signs pursuant to franchise or relocation agreements authorized by the City Council. Since 2003, the City has entered into five (5) relocation agreements pursuant to that Ordinance, all of which have been with Clear Channel Outdoor, Inc. for a total of ten (10) new Advertising Signs, of which nine (9) are on private property and one (1) is on City-owned property. The private property signs provided the City a total of One Million Five Hundred Forty-One Thousand Six Hundred Sixty-Six Dollars (\$1,541,666) (value P) of one-time up-front payments, and committed to Seventy Thousand Dollars (\$70,000)/year of ongoing payments, of which Eight Hundred Forty Thousand Dollars (\$840,000) (value Q) have been paid thus far to the City, and Five Hundred Sixty Thousand Dollars (\$560,000) (value R) are projected to be paid for the remainder of the terms for those agreements. Admittedly, the term of the existing relocation agreement is substantially less (20 years in total) than Becker and OFI have proposed and may be negotiated further to yield additional funding, at likely a higher rate, to the City's General Purpose Fund and/or for other community benefits.

The total contract value for all of the previous relocation agreements entered into by the City prior to the proposed Relocation Agreements with Becker and OFI on private property sites is Two Million Eight Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars (\$2,866,666) (\$P + \$Q + \$R).

The total contract value for the two (2) proposed Relocation Agreements by Becker and OFI for private property sites is projected to be approximately Sixty-Eight Million Dollars (\$68,000,000) or more, a more than twenty (20)-fold increase compared to all previous private property relocation agreements entered into by the City in the past, combined.

In addition, Becker and OFI approached the City with a proposal to remove fifty (50) existing Advertising Sign faces on private property in locations throughout the City at the sole expense of Becker and OFI in exchange for the foregoing two Relocation Agreements and the right to each construct five (5) new double-sided digital Advertising Signs on various private property sites along freeway corridors. The approximately Sixty-Eight Million Dollars (\$68,000,000) in potential funding over forty (41) years would benefit the City and certain designated Oakland-based nonprofit organizations, calculated from the operation of each of the proposed Advertising Signs for the proposed term for an average of over One Hundred Sixty-Eight Thousand Dollars (\$168,000) per Advertising Sign per year over the potential forty-one (41) year life of the Relocation Agreements.

### **KEY ISSUES AND IMPACTS**

As part of the proposal, a total of fifty (50) existing Advertising Signs faces would be removed from Oakland Council Districts 1, 2, 3, 4, 5, 6, and 7 at no cost to the City. This Resolution would result in payments to the City of Oakland of two million dollars (\$2,000,000), and payments to Oakland-based non-profit organizations of one million dollars (\$1,000,000), for total community benefit payments of three million dollars (\$3,000,000) in budget cycle 2023/2024 and combined annual payments to the City of Oakland and to Oakland-based non-profit organizations of potentially approximately \$68,880,000 projected from the operation of each of the proposed signs over 41 years.

The Relocations Agreements would also provide free advertising space for the City, small business advocacy organizations, community organizations, and nonprofit organizations. Becker and OFI would each make a capital investment of approximately four million dollars (\$4,000,000) to erect their respective Advertising Signs, for total capital investment of approximately eight million dollars (\$8,000,000).

### **PROJECT DESCRIPTION**

The proposed Relocation Agreements will result in the removal of fifty (50) legal, nonconforming Advertising Sign faces, at the locations listed in Exhibit A and Exhibit B attached to the related Resolution. None of these existing signs would otherwise be scheduled for removal at this time.

The proposed terms of the Relocation Agreements include the construction of five (5) new double-sided digital Advertising Signs built by each of Becker and OFI, for a total of ten (10) locations listed in Exhibit C and Exhibit D attached to the related Resolution.

Each of the Advertising Signs will require both a City building permit and a Caltrans outdoor advertising display permit prior to construction. Each Advertising Sign will either be sub-

metered from the existing PG&E meter on site, if feasible, or will require its own new PG&E meter install.

Each Advertising Sign is proposed to be 100% carbon-neutral for the life of the Advertised Sign.

## **SUSTAINABLE OPPORTUNITIES**

Economic Development: The potentially more than Sixty-Eight Million Dollars (\$68,000,000) that will be provided to the City and in direct community benefit payments, will have a positive economic impact for some of Oakland's most vital nonprofit organizations and the impacted communities they serve. The Native American Health Center and the Movement Strategy Center's Career Technical Education Transitional Age Youth Hub will each receive an average of over Two Hundred Thousand Dollars (\$200,000) per year averaged over the life of the Relocation Agreements. In addition, each of the following organizations will receive an average of over One Hundred Thousand Dollars (\$100,000) per year averaged over the life of the proposed Relocation Agreements:

1. Asian Health Services
2. The West Oakland Health Council
3. La Clínica de la Raza
4. Roots Community Health Center
5. Oakland LGBTQ Center's Glenn Burke Wellness Center
6. Oakland School for the Arts

These funds will catalyze affordable housing projects, free dental and health clinics, and vital educational initiatives that are essential for continued economic development in Oakland.

In addition, the City of Oakland's General Purpose Fund will receive an average of over Five Hundred Sixty Thousand Dollars (\$560,000) per year averaged over the life of the proposed Relocation Agreements:

Moreover, free advertising will be provided across the entire ten (10) new Advertising Sign network proposed in this Resolution for:

- 1) The Unity Council
  - For businesses in their small business development program, and for Unity Council events
- 2) Oakland African American Chamber of Commerce
  - for Chamber members registered as an Oakland-based small-business, an Oakland-based micro enterprise, or an Oakland-based nonprofit organization, and for Chamber events
- 3) Oakland Chinatown Chamber of Commerce
  - for Chamber members registered as an Oakland-based small-business, an Oakland-based micro enterprise, or an Oakland-based nonprofit organization, and for Chamber events
- 4) Oakland Latino Chamber of Commerce

- for Chamber members registered as an Oakland-based small-business, an Oakland-based micro enterprise, or an Oakland-based nonprofit organization, and for Chamber events
- 5) Oakland Vietnamese Chamber of Commerce
    - for Chamber members registered as an Oakland-based small-business, an Oakland-based micro enterprise, or an Oakland-based nonprofit organization, and for Chamber events
  - 6) Oakland Metropolitan Chamber of Commerce
    - for Chamber members registered as an Oakland-based small-business, an Oakland-based micro enterprise, or an Oakland-based nonprofit organization, and for Chamber events
  - 7) Black Cultural Zone Community Development Corporation
    - for organizations and businesses that are members of the Collective, and for events for the Collective
  - 8) Visit Oakland
    - for Oakland branding and messaging, Oakland events, Oakland marketing, and collaborative messaging in partnership with the Oakland Business Improvement Districts (BID) alliance, community messaging including but not limited to messaging for the Oakland Community Messaging Collective, and workforce education and development organizations such Cypress Mandela, Rising Sun Center for Opportunity and others, and public service messaging
  - 9) City of Oakland
    - for City branding and emergency and public service messaging.

This unprecedented extent of codified free advertising is worth hundreds of thousands of dollars annually and millions over the life of the proposed Relocation Agreements. In addition, this free advertising will drive increased sales to local businesses, additional contributions and support for local nonprofit organizations, and more visitors and other supports to the City for all of the Oakland-based events, businesses, and organizations it supports.

Environmental Impact: 100% of the carbon impact for the life of each of the proposed new Advertising Signs will be offset by a 100% upfront payment in the amount equal to the cost of offsetting the carbon from the electricity consumed by each of the proposed Advertising Signs over the life of each Advertising Sign.

Social Equity: The potential revenue of Sixty-Eight Million Dollars (\$68,000,000) that will be directed to the City and local nonprofit organizations and projects will be concentrated in areas of the City and with projects serving Oakland’s most impacted residents. The organizations themselves are based in Districts 2, 3, 5, 6, and 7, and serve impacted Oakland residents from across the City. This funding will benefit Oakland-based community health clinics that have been on the frontlines of the pandemic, as well as additional nonprofit organizations and youth development programs, increasing public health resources, education, housing, and additional opportunities for youth, and various support services for some of Oakland’s most impacted areas and residents.

In addition, removal of fifty (50) existing Advertising Sign faces will result in a substantial reduction in the number of Advertising Sign faces in the City's neighborhoods, increasing enhancement of the City's beauty and physical attributes.

**DISABILITY AND SENIOR CITIZEN ACCESS:**

Approval of the related Resolution will have no direct impact on disabled and senior citizens.

**ENVIRONMENTAL DETERMINATION:**

The proposed Relocation Agreements rely on the previous set of applicable California Environmental Quality Act (CEQA) documents including: the Coliseum Area Specific Plan Environmental Impact Report (EIR) (2015); Broadway Valdez Specific Plan EIR (2014); West Oakland Specific Plan EIR (2014); Central Estuary Area Plan EIR (2013); Land Use and Transportation Element of the General Plan EIR (1998); the Oakland Estuary Policy Plan EIRs (1999, 2006) and Supplemental EIR (2013); the Redevelopment Area EIRs- West Oakland (2003), Central City East (2003), Coliseum (1995), and Oakland Army Base (2002); and various Redevelopment Plan Final EIRs (collectively, "Previous CEQA Documents". No further environmental review is required under CEQA Guidelines Sections 15162 and 15163. Moreover, each as a separate and independent basis, these Relocation Agreements are also exempt from CEQA pursuant to Public Resources Code Section 21080.17 and CEQA Guidelines Sections 15183 (projects consistent with General Plan and Zoning) and 15061(b)(3) (general rule, no significant effect on the environment). In addition, these Relocation Agreements are exempt pursuant CEQA Guidelines Sections 15301 (Existing Facilities); 15302 (Small Structures); 15303 (Minor Alterations to Land) and 15332 (Infill Development Projects). No exceptions to these exemptions apply. The proposed Advertising Signs are in areas within the City on existing highway corridors not deemed to be a Landscaped Freeway by the California Department of Transportation (Caltrans), and are in areas already highly urbanized. Furthermore, these Advertising Signs to be allowed under the Relocation Agreements will only be allowed in conformance with state law, and subject to outdoor advertising application approval from the Caltrans Office of Outdoor Advertising as to design, sightline, and driver safety considerations. Each of the foregoing provides a separate and independent basis for a CEQA exemption and when viewed collectively provides an overall basis to support the finding that this project is exempt from CEQA.

**ACTION REQUESTED OF THE CITY COUNCIL**

We respectfully request that the CED Committee recommend approval of, and the City Council approve, a Resolution Authorizing The City Administrator To Negotiate And Enter Into Two Relocation Agreements: One With Becker Boards, L.L.C (Becker) And One With Outfront Foster Interstate LLC (OFI), With Each Agreement Including, Without Limitation, The Following: (A) Allowing Becker and OFI to Remove And Waive Its Respective Rights To Just Compensation To Certain Existing Advertising Sign Faces At Various Locations In The City Of Oakland In Exchange For Becker's And OFI's Construction Of Up To Five New Double-Sided Digital Advertising Signs Each On Private Property, And (B) Requiring Becker And OFI To Each Make

Annual Payments To Designated Nonprofits And The City, And (C) Other Substantive Terms;  
And (2) Adopting Appropriate California Environmental Quality Act Findings.

Respectfully submitted,

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Councilmember Gallo

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Councilmember Jenkins

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Councilmember Kaplan