

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 SEP 18 PM 1:50

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: September 30, 2003

RE: **REQUEST TO APPROVE A CITY RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A BILLBOARD RELOCATION AGREEMENT WITH CLEAR CHANNEL OUTDOOR, INC., TO WAIVE ITS RIGHTS TO COMPENSATION, INCLUDING ALL REAL PROPERTY AND PERSONAL PROPERTY INTERESTS, FOR TWELVE BILLBOARDS LOCATED AT 2024, 2564, AND 6518 SAN PABLO AVE. (TOTAL OF SEVEN BILLBOARDS), 6115 AND 7326 INTERNATIONAL BLVD., 743 HIGH STREET, 2715 FOOTHILL BLVD., AND 1028 98TH AVE., IN EXCHANGE FOR THE RECONSTRUCTION OF AN EXISTING BILLBOARD AT 743 HIGH STREET, A NEW BILLBOARD AT 3425 ETTIE STREET, AND THE COMMITMENT OF CLEAR CHANNEL OUTDOOR, INC., TO RETAIN ITS OFFICE AND OPERATIONAL FACILITIES IN THE CITY OF OAKLAND FOR A MINIMUM PERIOD OF TEN YEARS**

SUMMARY

The City Council is asked to approve a Resolution to permit the City to enter into a Billboard Relocation Agreement with Clear Channel Outdoor Inc., a Delaware corporation ("Clear Channel") regarding the specific sites identified in the resolution title above. Approval of this Agreement will represent a successful conclusion to the City's efforts to retain Clear Channel Outdoor in Oakland as the company has committed to maintaining both its advertising/administrative unit and its operations unit in Oakland upon expiration of its current lease with the Port of Oakland in April 2004. The Agreement also will result in the removal of 12 billboards throughout Oakland's neighborhoods in exchange for the addition/reconstruction of two 20' x 60' billboards with freeway visibility.

FISCAL IMPACT

The proposed Billboard Relocation Agreement will not result in any direct cost impacts because Clear Channel is waiving its rights to compensation, including all real property and personal property interests for the 12 billboards specified below. The agreement will result in lower acquisition costs (by an estimated \$500,000) of those property interests from Clear Channel. If the Agreement is not approved and Clear Channel relocates outside of Oakland, the City will lose the business tax revenue derived from its Oakland operations (the amount is confidential).

Item: 25
City Council
Sept. 30, 2003

BACKGROUND

- In 1997, the City of Oakland enacted an Ordinance prohibiting the installation of new billboards 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/Relocation Agreements.

Clear Channel and its predecessors have been located at its current site at the Port of Oakland since 1964. With its current lease expiring in April 2004, Clear Channel has been courted by two other cities that have offered to let the company erect new billboards to offset moving and occupancy expenses.

However, Clear Channel management has stated their preference to stay in Oakland because of the long-standing involvement of its employees in the Oakland community and the company's soon-to-be-unveiled \$5 million bus shelter program. The company has asked for this Agreement to create the additional revenues needed to offset the \$1-3 million that will be incurred in relocating its single office space to two Oakland sites:

- Development of a new 15,000 s.f. operations facility at 1829 and 1905 Cypress Street in West Oakland (off the Mandela Parkway).
- Lease of 10,000 s.f. of office space in the new Shorenstein building at 555 12th Street.

On July 29, 2003, the City Council reviewed an informational report regarding this business retention effort ("FRANCHISE/RELOCATION AGREEMENT IN AN EFFORT TO RETAIN CLEAR CHANNEL'S HEADQUARTER LOCATION IN OAKLAND"). Although this was an informational report not requiring a vote, the City Council voted its approval (6-2) of the concept of exchanging billboards to keep the company in Oakland.

KEY ISSUES AND IMPACTS

- The key issue is retention of an expanding, long-time Oakland business that employs between 80-100 people, half of whom are unionized. Failure to approve this Agreement may result in Clear Channel's relocation outside of Oakland, the loss of business tax revenues derived from the company's current Oakland location, and the loss of 80-100 jobs to an alternate municipality, and associated, negative fiscal impacts of losing a company of this size. Regardless of Clear Channel remaining in Oakland the firm remains committed to its agreement with the City to local hiring 6-10 residents for work on the bus shelter program.
- The proposed Billboard Relocation Agreement would remove 12 existing billboards from several Oakland neighborhoods, as compensation to the City for the addition of two

Item: 25
City Council
Sept. 30, 2003

new/reconstructed billboards at 743 High Street and 3425 Ettie Street, and Clear Channel's commitment to maintain its office and operation centers in Oakland.

- The proposed Relocation Agreement would result in a net loss of ten advertising signs in Oakland, and a net increase of 24 square feet of advertising sign surface as the new signs would be significantly larger than the signs proposed for removal.
- As evidence of Clear Channel's commitment to stay in Oakland, the Billboard Relocation Agreement will require the execution of signed leases for minimum ten-year terms prior to implementation of the Agreement, and other conditions as may be recommended by the City Attorney.

PROJECT DESCRIPTION

The proposed project is a relocation agreement to remove 12 existing billboards (see Attachment A) and construct two new billboards adjacent to Interstate 880 (I-880). The three components of the proposed relocation agreement are more fully described as follows:

1. *Removal of 12 Existing Billboards:* Clear Channel would remove 12 legal, nonconforming billboards at the following locations:
 - Three signs located at 6518 San Pablo Ave, in the C30 zoning district and Community Commercial General Plan land use designation. All three signs are six feet tall by twelve feet wide;
 - Three signs located at 2564 San Pablo Ave., in the C30 zoning district Urban Residential General Plan land use designation. One sign is six feet tall by twelve feet wide; the second and third signs are each twenty feet tall by thirty feet wide.
 - 2024 San Pablo Ave., in the C30 zoning district Urban Residential General Plan land use designation. This is the largest of the signs at fourteen feet tall by forty eight feet wide.
 - 6115 International Boulevard, in the C40 zoning district and Community Commercial General Plan land use designation. This sign is twelve feet tall by twenty-five feet wide;
 - 7326 International Blvd., in the C40 zoning district and Community Commercial General Plan land use designation. This sign is six feet tall by twelve feet wide.
 - 743 High Street, in the M40 zoning district and Business Mix General Plan land use designation. This sign is twelve feet tall by twenty-five feet wide;
 - 2715 Foothill Blvd., in the C30 zoning district and Urban Residential General Plan land use designation. This sign is six feet tall by twelve foot wide; and
 - 1028 – 98th Ave, in the R40 zoning district and Housing and Business Mix General Plan land use designation. This sign is six feet tall by twelve feet wide.

Item: 25
City Council
Sept. 30, 2003

All of the sites identified above are located along major arterial streets in Oakland. None of these signs is scheduled for removal under the amortization program.

2. *Development of Two New Billboards:* Under the terms of the proposed relocation agreement, Clear Channel would construct two new back-to-back bulletin billboards (20 feet by 60 feet, each) fronting I-880 at the following locations:
 - 743 High Street: This site, located in East Oakland, is zoned M40, Heavy Industrial Zoning District, and falls under the Business Mix General Plan land use designation. The surrounding development pattern consists of industrial uses and transportation systems (BART overhead rails, at-grade heavy rail), I-880 and a major arterial street (High Street). The proposed sign, oriented toward I-880, would replace an existing billboard located on the subject site. The existing billboard would be removed as part of the proposed relocation agreement.
 - 3425 Ettie Street: This site, located in West Oakland, is zoned M-30, General Industrial District, and falls under the Housing and Business Mix General Plan land use designation. The surrounding area is generally characterized by a mix of industrial, live/work and residential uses, as well as by vacant lots. The proposed sign would be oriented toward I-880 and I-580.
3. *Commitment to Occupy Space in Oakland:* Clear Channel will commit to occupy space for its administrative and operational activities in Oakland for a period of no less than ten years, as evidenced by executed leases or deed of trust on the aforementioned spaces and other conditions as may be recommended by the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: Execution of the proposed Agreement will ensure that an expanding business that has been located in Oakland for almost 40 years will continue to be located here. 80-100 jobs will be retained, and more jobs are likely to be created through the company's planned expansion over the next five years, contributing to job creation and increased tax revenue for the City.

Additionally, the company will renovate one or more blighted, abandoned buildings located along West Oakland's Mandela Parkway (1829 and 1905 Cypress Street) to house the company's operations facility or will demolish these buildings and construct a new building, leading to removal of blighted and underutilized real property and increased tax revenue for the City.

Environmental: Removal of the 12 billboards will result in reduced blight in our City's neighborhoods, increasing enhancement of the City's physical attributes.

Item: 25
City Council
Sept. 30, 2003

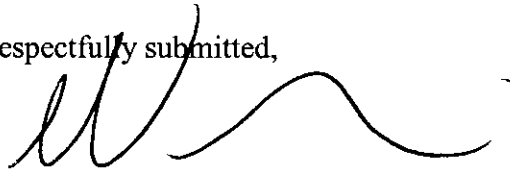
DISABILITIES AND SENIOR CITIZEN ACCESS

Approval of this Resolution will have no direct impact on disabled and senior citizen access.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends approval of a Resolution authorizing the City Manager to enter into a Billboard Relocation Agreement with Clear Channel Outdoor, Inc., to waive its rights to compensation, including all real property and personal property interests, for twelve billboards located at 2024, 2564 and 6518 San Pablo Ave. (total of seven billboards), 6115 and 7326 International Blvd., 743 High Street, 2715 Foothill Blvd., and 1028 98th Ave., in exchange for the reconstruction of an existing billboard at 743 High Street, a new billboard at 3425 Ettie Street, and the commitment of Clear Channel Outdoor, Inc., to retain its office and operational facilities in the City of Oakland for a minimum period of ten years.

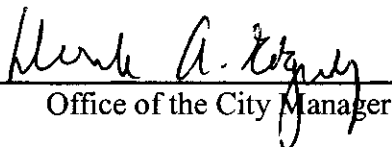
Respectfully submitted,



Daniel Vanderpriem, Housing, Economic and
Development Director

Prepared By: Deborah V. Acosta, Urban Economic
Analyst III

APPROVED AND FORWARDED TO THE
CITY COUNCIL


Office of the City Manager

Item: 25
City Council
Sept. 30, 2003

ATTACHMENT A

CLEAR CHANNEL BILLBOARDS TO BE REMOVED

Type of Sign	Sq. Footage	PLN#	Description	Address	APN#
SIGNS TO BE REMOVED					
8-Sheet	72		7189 San Pablo EL 75' s/o 66th Ave. - nf#1	6518 San Pablo Ave.	016-1453-017-01
8-Sheet	72		7190 San Pablo EL 75' s/o 66th Ave. - nf#2	6518 San Pablo Ave.	016-1453-017-01
8-Sheet	72		7191 San Pablo EL 75' s/o 66th Ave. - sf	6518 San Pablo Ave.	016-1453-017-01
8-Sheet	72		7284 E. 14th St. NL 106' e/o 73rd Ave. - wf	7326 International Blvd.	040-3317-031
30-Sheet	300		1767 E. 14th St. SL 53' e/o 61st Ave. - ef	6115 International Blvd.	041-3883-003-01
30-Sheet	300		1900 High St. WL 200' n/o Coliseum Way - sf	743 High St.	033-2203-008-01
30-Sheet	300		2178 West St. WL 95' s/o 26th St. - nf	2664 San Pablo Ave.	009-0679-044
30-Sheet	300		2179 West St. WL 95' s/o 26th St. - sf	2664 San Pablo Ave.	009-0679-044
8-Sheet	72		7289 98th Ave. EL 20' s/o E St.	1028 - 98th Ave.	045-5227-008-04
8-Sheet	72		7079 Foothill Blvd. SL 160' e/o 27th Ave. - wf	2715 Foothill Blvd.	025-0733-003
8-Sheet	72		7236 West St. WL 135' s/o 26th St. - nf	2564 San Pablo Ave.	009-0679-044
Bulletin	672		1223 San Pablo EL 10' s/o 21st St. - ef	2024 San Pablo Ave.	008-0645-0210-00

A. Miller

OAKLAND CITY COUNCIL

FILED
OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION No. _____ C.M.S.

2003 SEP 18 PM 1:50

INTRODUCED BY COUNCILMEMBER _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A BILLBOARD RELOCATION AGREEMENT WITH CLEAR CHANNEL OUTDOOR, INC., TO WAIVE ITS RIGHTS TO COMPENSATION, INCLUDING ALL REAL PROPERTY AND PERSONAL PROPERTY INTERESTS, FOR TWELVE BILLBOARDS LOCATED AT 2024, 2564, AND 6518 SAN PABLO AVE. (TOTAL OF SEVEN BILLBOARDS), 6115 AND 7326 INTERNATIONAL BLVD., 743 HIGH STREET, 2715 FOOTHILL BLVD., AND 1028 98TH AVE., IN EXCHANGE FOR THE RECONSTRUCTION OF AN EXISTING BILLBOARD AT 743 HIGH STREET, A NEW BILLBOARD AT 3425 ETTIE STREET, AND THE COMMITMENT OF CLEAR CHANNEL OUTDOOR, INC., TO RETAIN ITS OFFICE AND OPERATIONAL FACILITIES IN THE CITY OF OAKLAND FOR A MINIMUM PERIOD OF TEN YEARS

WHEREAS, Clear Channel Outdoor, Inc., a Delaware corporation ("Clear Channel"), has maintained its local office in the City of Oakland in leased space with the Port of Oakland since 1964; and

WHEREAS, Clear Channel's lease agreement is due to expire in April 2004, and Clear Channel desires to maintain its office and operations facilities in Oakland; and

WHEREAS, competing cities have attempted to recruit Clear Channel to relocate to their respective cities, and have offered Clear Channel the incentive of building billboards to offset the cost of relocation and a major lease increase; and

WHEREAS, Clear Channel has identified two suitable Oakland sites that it estimates will cost \$1-3 million to prepare and relocate to; and

WHEREAS, Clear Channel is seeking a proposed Billboard Relocation Agreement with the City to assist in mitigating its relocation expenses; and

WHEREAS, the City wishes to retain Clear Channel's business in Oakland in order to retain jobs and tax revenue for the City; and

25
ORA/COUNCIL

SEP 30 2003

WHEREAS, the City wishes to retain Clear Channel's business by entering into a Billboard Relocation Agreement which: (1) allows the City to acquire twelve existing billboards (as detailed below) without compensation to Clear Channel; (2) permit Clear Channel to generate income to offset its proposed expenses to stay in Oakland by allowing Clear Channel to reconstruct one billboard and erect one new billboard (as outlined below) in the City; and (3) commit Clear Channel to maintain its office and operating facilities in Oakland for a minimum period of ten (10) years; and

WHEREAS, the City's acquisition of twelve billboards located at 2024, 2564 and 6518 San Pablo Ave. (total of seven billboards), 6115 and 7326 International Blvd., 743 High Street, 2715 Foothill Blvd., and 1028 98th Ave. is consistent with the City's objective to remove billboard signage throughout Oakland to enhance the City's physical attributes; and

WHEREAS, Clear Channel would waive its rights to compensation, including all real property and personal property interests, thereby eliminating the twelve existing legal, non-conforming advertising signs as identified; and

WHEREAS, the proposed Billboard Relocation Agreement would permit Clear Channel to reconstruct one existing advertising sign at 743 High Street and construct a new advertising sign at 3425 Ettie Street, both two-sided, 20 feet by 60 feet signs, resulting in a net increase of 24 square feet of advertising sign surface as the new signs would be significantly larger than the signs proposed for removal; and

WHEREAS, the proposed Billboard Relocation Agreement would not result in any direct fiscal impacts, since Clear Channel would waive its rights to compensation, including all real property and personal property interests for the twelve (12) billboards, which will result in a substantial saving in the potential acquisition of those property interests; and

WHEREAS, approval of this Resolution will result in a successful business retention effort to retain Clear Channel's office and operations units in Oakland, retaining 80-100 jobs and tax revenues for the City; and

WHEREAS, Clear Channel will be required to provide executed leases, with minimum ten year terms, for the Oakland relocation sites prior to implementation of this Agreement and other conditions as recommended by the City Attorney; and

WHEREAS, the proposed Billboard Relocation Agreement complies with existing City regulations that permit relocated and wholly

reconstructed advertising signs pursuant to a Billboard Relocation Agreement; now, therefore, be it

RESOLVED: That the City Council authorizes the City Manager to enter into a Billboard Relocation Agreement with Clear Channel to waive its rights to compensation, including all real property and personal property, for twelve billboards located at 2024, 2564 and 6518 San Pablo Ave. (total of seven billboards), 6115 and 7326 International Blvd., 743 High Street, 2715 Foothill Blvd., and 1028 98th Ave. in exchange for the reconstruction of an existing billboard at 743 High Street, a new billboard at 3425 Ettie Street, both of which will not exceed 20' tall by 60' wide, and Clear Channel's commitment to retain its office and operations facilities in Oakland for a minimum period of ten (10) years; and be it

FURTHER RESOLVED: That the City Manager or his or her designee is authorized to complete all required negotiations regarding the terms of, and to execute, a Billboard Relocation Agreement with Clear Channel in accordance with the intent of this Resolution; and be it;

FURTHER RESOLVED: That the City Attorney shall approve the Billboard Relocation Agreement as to form and legality.

IN COUNCIL, OAKLAND, CALIFORNIA, SEPTEMBER 30, 2003

PASSED BY THE FOLLOWING VOTE:

AYES- BRUNNER, CHANG, QUAN, NADEL, REID, WAN, BROOKS, AND
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST:

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

25

ORA/COUNCIL

SEP 30 2003