

CITY OF OAKLAND

SUPPLEMENTAL INFORMATIONAL REPORT

TO: Steven Falk,
Interim City Administrator

FROM: Sofia Navarro, Interim
Director of Economic &
Workforce Development
Department

SUBJECT: Supplemental Informational Report
On The Joint Billboard Development
Proposal From Becker-OFI And
Analysis of Proposed Clear Channel
Locations

DATE: May 31, 2023

City Administrator Approval

Date: Jun 1, 2023
Jun 1, 2023

RECOMMENDATION

Staff Recommends That The City Council Receive A Supplemental Informational Report In Response to Follow-Up Inquiries Made By the Community and Economic Development Committee Regarding Alternatives To The Proposal To Adopt 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.**

City Council
June 6, 2023

REASON FOR SUPPLEMENTAL

On May 23, 2023, the Community and Economic Development (CED) Committee considered a resolution authorizing two Relocation Agreements with Becker Boards, L.L.C. (Becker) and Outfront Foster Interstate LLC (OFI). Staff presented a supplemental report (First Supplemental Report) analyzing and comparing the Becker-OFI proposal against competing proposals submitted to the City by Clear Channel Outdoor (Clear Channel) and Champion Outdoor (Champion).

The analysis concluded that the Clear Channel proposal would result in \$88 million more revenue for the City and Oakland Billboard Economic Development Coalition (Coalition) nonprofit partners than the Becker-OFI proposal over the full forty-one (41) year term (Extended Term) while minimizing visual impacts to the City.

At the CED Committee meeting, Becker presented its analysis of the Clear Channel proposal (attached as **Attachment A**), which claimed that fifteen (15) of the eighteen (18) Clear Channel faces would be un-buildable and that the three (3) remaining faces would generate annual revenue of just \$315,000 in year one and just \$21.3 million over the Extended Term. On May 30, Clear Channel sent a letter to the City responding to these claims, which is attached as **Attachment B**.

The CED Committee requested that staff submit a supplemental report responding to these claims and providing further analysis from Caltrans, if possible, prior to the June 6 City Council meeting. The purpose of this supplemental report (Second Supplemental Report) is to provide the follow-up analysis as requested by the CED Committee.

In summary, nine (9) of Clear Channels proposed faces are viable and affirmed as such by Caltrans (Caltrans e-mail attached as **Attachment C**). An additional six (6) faces may be viable pending additional information and analysis. Three (3) faces are certainly not viable per Caltrans. Clear Channel has indicated willingness to substitute alternative sites for any the City and/or Caltrans finds unsuitable and stands by their commitment to the funding set forth in their proposal.

ANALYSIS AND POLICY ALTERNATIVES

The Clear Channel proposal is for eighteen (18) new faces. Becker claims that fifteen (15) of these faces are not viable and only three (3) are viable. Staff finds that three (3) faces are certainly not viable, six (6) faces are potentially viable and the remaining nine (9) faces are viable, contrary to Becker's claims. Caltrans confirmed in writing to the City that these nine (9) faces are viable from their standpoint.

Staff's analysis of each face's viability is discussed below. It should be noted that where there is discussion of landscaped freeways as a barrier to relocating sign faces, there also exists a process for declassifying landscaped freeway segments or using provisions in the Outdoor Advertising Act (ODA) to relocate signs in landscaped freeway segments.

- **Faces 1 and 2 (7th & Market community garden):** Becker claims a sign cannot be built on this City-owned parcel due to a deed restriction requiring the City to “develop and maintain said real property as a park and shall not use it or permit it to be used for any purpose inconsistent with or inappropriate to its use as a park.” This claim requires further title and legal analysis to validate whether the deed would specifically restrict the proposed billboard use. It is uncertain whether installation of a billboard on the edge of the property would be “inconsistent with or inappropriate to” a park use. Becker also claimed that this face is in a landscaped freeway segment, however, Caltrans approved a landscape declassification request for this site in April 2023.
- **Faces 3 and 4 (98th & Empire / Columbia Gardens):** Becker claims a sign cannot be built on this property due to its residential zoning designation. Staff agrees. An alternative site would need to be identified.
- **Faces 5 and 6 (I-880 & High Street, Southeast):** Becker claims that these faces would be less than 1,000 feet apart and, therefore, only one face would be allowed. Caltrans confirmed in conversation with staff that so long as the sign faces are oriented in opposite directions, conversion of both locations is allowed. Clear Channel has proposed only one digital face per location, which would allow for opposite orientations. One of the faces would be a “cross-read” (i.e., oriented to travelers on the opposite side of the freeway), which is not uncommon for digital boards. Caltrans has confirmed that face 5 is in a landscaped freeway segment, although there are processes for potentially addressing that constraint as noted above.
- **Face 7 (980 & 27th St):** Becker claims a sign cannot be built on this property due to its residential zoning designation. Staff agrees. An alternative site would need to be identified.
- **Faces 8 and 9 (I-80 near Bay Bridge toll plaza, EBMUD):** Becker claims this is a landscaped freeway segment, that Clear Channel waived rights to digital conversion, and that there is no landlord authorization. Caltrans has confirmed that this is a landscaped freeway segment, although there are processes for addressing that constraint as noted above. Clear Channel’s lease with EBMUD allows for conversion to digital as evidenced in **Attachment B**. Champion purportedly also has rights to install new digital signs on the site, but this would require a change to the City’s billboard ordinance and is, therefore, within the City’s control.
- **Face 10 (I-880 & High Street, Northeast):** Becker claims this site is in a landscaped freeway segment and claims to have spoken with the owner of this property and that they are unwilling to allow conversion of the existing sign to digital. Caltrans has confirmed that this is a landscaped freeway segment, although there are processes for potentially addressing that constraint as noted above. The City does not have access to Clear Channel’s lease and has not spoken with the lessor; therefore, the City cannot assess whether Clear Channel has the necessary site control.

- **Face 11 (I-880 & 16th, Embarcadero):** Becker claims this location is too far from the freeway to be financially viable and would need to be re-oriented, enlarged and raised in order to be visible from the freeway. Caltrans has confirmed that this existing permitted sign is not in a landscaped freeway and can be re-oriented to the freeway, enlarged and elevated upon approval of a new ODA permit. In that case, being only 150 feet from the freeway, the City's billboard consultant, Donna Desmond Associates (DDA), concluded that the sign would be financially viable.
- **Face 12 (I-880 & Alameda Ave):** Becker claims this location is too far from freeway to be financially viable and would need to be re-oriented, enlarged and raised in order to be visible from the freeway. Caltrans has confirmed that this existing permitted sign is not in a landscaped freeway and can be re-oriented to the freeway, enlarged and elevated upon approval of a new Outdoor Advertising Act permit. In that case, DDA concluded that the sign would be financially viable. Regardless, Clear Channel has also indicated willingness to replace this proposed conversion with a new sign on the opposite side of the same City-owned property, where it would be just 145 feet from the freeway.
- **Faces 13 and 14 (I-880 & Fruitvale Ave):** Becker claims that these existing signs are improperly permitted as on-premises signs rather than off-premises. Such a claim is immaterial. The City can approve the conversion of this sign regardless of its current permit status. Caltrans confirmed that the site does not violate any State law requirements and so is viable according to their regulations.
- **Face 15 (I-580 & San Pablo):** Becker and the City agree that this site is viable.
- **Face 16 (I-880 & Webster):** Becker and the City agree that this site is viable.
- **Faces 17 and 18 (98th Ave & Bigge):** Becker claims that the Oakland Municipal Code does not allow conversion this far from the freeway and that the site is not financially viable. This is not accurate. The Office of the City Attorney has confirmed that the site is permissible under the existing O.M.C. via relocation agreement, and DDA concluded that the site is financial viability, noting that this is a primary entrance to the Oakland Airport. Caltrans confirmed this location is not within their jurisdiction and thus not subject to State law requirements.

The following table compares Becker's claims to staff's analysis of each site's viability and provides a revenue forecast according to two scenarios. The low revenue scenario assumes a maximum of nine (9) faces are unviable and are not substituted with viable sites. In this case the Clear Channel proposal would generate \$4 million less than the Becker-OFI proposal over the Extended Term. The high revenue scenario assumes the City and Clear Channel substitute viable sites where needed, which is the scenario presented in the First Supplemental Report. In this case the Clear Channel proposal would generate \$88 million more than the Becker-OFI proposal over the Extended Term.

Face #	Panel #	Location	Becker Claim	Staff Analysis	Annual Revenue	
					Low	High
1	new	7th / Market (community garden)	Non-viable	undetermined	\$0	\$210,000
2	new	7th / Market (community garden)	Non-viable	undetermined	\$0	\$210,000
3	new	98th / Empire (Columbia Gardens)	Non-viable	Non-viable	\$0	\$210,000
4	new	98th / Empire (Columbia Gardens)	Non-viable	Non-viable	\$0	\$210,000
5	1347	I-880 & High Street (Southeast)	Non-viable	undetermined	\$0	\$105,000
6	1941	I-880 & High Street (Southeast)	Viable	Viable	\$105,000	\$105,000
7	1883	980 & 27th St	Non-viable	Non-viable	\$0	\$105,000
8	1381	I-80 near Bay Bridge toll plaza (EBMUD)	Non-viable	undetermined	\$0	\$105,000
9	1382	I-80 near Bay Bridge toll plaza (EBMUD)	Non-viable	undetermined	\$0	\$105,000
10	1372	I-880 & High Street (Northeast)	Non-viable	undetermined	\$0	\$105,000
11	2208	I-880 & 16th (Embarcadero)	Non-viable	Viable	\$105,000	\$105,000
12	1901	I-880 & Alameda Ave	Non-viable	Viable	\$105,000	\$105,000
13	1335	I-880 & Fruitvale Ave	Non-viable	Viable	\$105,000	\$105,000
14	1336	I-880 & Fruitvale Ave	Non-viable	Viable	\$105,000	\$105,000
15	1361	I-580 & San Pablo	Viable	Viable	\$105,000	\$105,000
16	1935	I-880 & Webster	Viable	Viable	\$105,000	\$105,000
17	1386	98th Ave & Bigge	Non-viable	Viable	\$105,000	\$105,000
18	1387	98th Ave & Bigge	Non-viable	Viable	\$105,000	\$105,000
Total Clear Channel Revenue in Year 1					\$ 945,000	\$ 2,310,000
Total Clear Channel Revenue over Extended Term					\$ 63,695,413	\$ 155,699,899
Total Becker-OFI Revenue over Extended Term					\$67,643,638	
Difference					\$ (3,948,225)	\$ 88,056,261

COORDINATION

This report was prepared by the Economic & Workforce Development Department and the Planning and Building Department in coordination with the Office of the City Attorney.

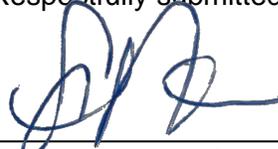
ACTION REQUESTED OF THE CITY COUNCIL

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- (2) Adopting Appropriate California Environmental Quality Act Findings.

For questions regarding this report, please contact Brendan Moriarty at bmoriarty@oaklandca.gov or (510) 238-6354.

Respectfully submitted,



SOFIA NAVARRO,
Interim Director, Economic and Workforce
Development Department

Prepared by:
Brendan Moriarty, Real Property Asset
Manager

Reviewed by:
Daniel Findley, Planner III

Attachments (3):

- A. Becker’s claims against Clear Channel locations
- B. Clear Channel’s response to Becker’s claims
- C. Caltrans e-mail