



City of Rialto

Legislation Text

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For City Council Meeting [September 28, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Daniel Casey, Acting Community Development Manager

Request City Council to Adopt **Resolution No. 7775** Approving a Property Lease by and between the City of Rialto and Lamar Central Outdoor, LLC for Installation of an Electronic Billboard on City Property Located at the Southwest Corner of Ayala Drive and the SR-210 Freeway.

BACKGROUND:

On February 25, 2020, the City Council adopted Resolution No. 7596 approving the First Amendment to a Billboard Relocation Agreement between the City of Rialto and Lamar Central Outdoor, LLC to change the location of a previously approved billboard relocation from City-owned property at the southwest corner of Foothill Boulevard and Cactus Avenue to City-owned property at the southwest corner of Ayala Drive and the SR-210 Freeway. A copy of the conceptual plans for the proposed billboard are attached hereto as **Exhibit A**.

ANALYSIS/DISCUSSION:

Proposed Lease

The proposed Property Lease by and between the City of Rialto and Lamar Central Outdoor, LLC ("Lamar") is attached hereto as **Exhibit B**. The key terms include:

- 1. Leased Premises.** The Leased Premises consist of a 617 square foot pad at the northernmost edge of the City-owned property. Lamar will have exclusive use of this property to construct, maintain and operate a double-sided digital display visible to northbound and southbound traffic on Ayala Drive. Lamar will also have a non-exclusive license to access the Leased Premises across the City-owned property in a manner that minimizes the impact to the use and enjoyment of the Site by other users.
- 2. Term.** The City grants a Lease term of 20 years, with an option for Lamar to extend for an additional 10 years - all commencing on the Commencement Date that is the first day of the first calendar month upon completion of the Display.
- 3. Rent.** Lamar shall lease the Site from the City for the greater of (1) a base rental of \$25,000 per year or (b) 25% of the gross advertising revenue. The base rental shall be adjusted every 5 years in accordance with the CPI, but in any event not exceed 20% of the gross advertising revenue in the immediately preceding year.
- 4. Fees.** Lamar shall pay all customary planning, permit and processing fees imposed by the

City or other regulatory agencies.

- 5. Due Diligence Investigations.** Lamar shall complete normal and customary due diligence investigations including title reviews, environmental site assessments, soil testing and development feasibility.
- 6. Insurances.** Lamar shall pay for any leasehold title insurance and other costs related to the Lease transaction, and provide liability insurance and indemnities as required by the Lease.
- 7. Operating Costs.** Lamar shall solely pay all operating costs associated with the operation of the display, including all utilities and personal property or possessory interest taxes.
- 8. Public Display.** Lamar shall allow the City/Lessor to use the display to advertise City events or public service announcements at no charge not less than 3 times each year. Lamar may provide alternative displays in close proximity to the City subject to City approval.
- 9. Prohibited Displays.** Section 5.2 of the Lease prohibits certain forms of advertisement, including but not limited to adult entertainment, drug paraphernalia, or obscene messaging.
- 10. Records.** Lamar shall prepare and maintain proper records subject to audit by the City.

Lamar is responsible to prepare plans and pay all applicable plan check and permit fees to the Community Development Department for the proposed billboard.

GENERAL PLAN CONSISTENCY:

The project is consistent with the following goals and policies of the Economic Development Element of the Rialto General Plan:

Goal 3-1: Strengthen and diversify the economic base and employment opportunities, and maintain a positive business climate.

Policy 3-1.3: Support established businesses in the City, and work to retain the small, independent businesses while accommodating national/regional chain stores.

ENVIRONMENTAL IMPACT:

The City Council action to enter into a Property Lease is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment. Additionally, the installation of the billboard itself is exempt from the requirements of the CEQA pursuant to Section 15303 (New Construction or Conversion of Small Structures).

LEGAL REVIEW:

The City Attorney reviewed and approved this staff report, Resolution, and assisted in the negotiation of the Property Lease.

FINANCIAL IMPACT:

Operating Budget Impact

The City will receive lease revenue from Lamar for the proposed billboard relocation at upwards of \$25,000 per year. The City will record revenue in Account No. 010-400-4255-7402.

Capital Improvement Budget Impact

This action will not affect the City's capital improvement budget. All capital costs related to operating the billboard will be borne by Lamar. The City previously acquired the subject property, and all capital costs of construction will be borne by Lamar.

Licensing

Lamar currently has a business license with the City to operate public advertising structures and the additional income will likely increase its obligation for business license taxes.

RECOMMENDATION

Staff recommends that the City Council adopt the Resolution Approving a Property Lease by and between the City of Rialto and Lamar Central Outdoor, LLC for Installation of an Electronic Billboard on City Property Located at the Southwest Corner of Ayala Drive and the SR-210 Freeway.