



# LONG BEACH REDEVELOPMENT AGENCY

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February 5, 2007

## REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach  
California

### RECOMMENDATION:

Recommend that the City Council approve a contract with Media Management Services, Inc., to develop six (6) freeway electronic message center displays within Redevelopment areas; use a portion of the revenue generated by the project to retire the bond obligation of the Long Beach Museum of Art; structure and execute an agreement to provide on-going funds for grants for culture and arts, to be administered by the Arts Council for Long Beach; and support legislation to facilitate the program. (All Project Areas - Citywide)

### DISCUSSION

As part of its General Fund deficit reduction strategy, the City of Long Beach has explored additional opportunities to generate revenue through increased return on City assets. One opportunity for additional revenue is from electronic freeway signage for advertising purposes. On June 7, 2006, the City issued a Request for Proposals (RFP) for freeway electronic message center displays.

The sole responder to the RFP was Media Management Services, Inc. (MMSI). The MMSI proposal was to construct, install and operate six (6) double-faced, high resolution freeway electronic message center displays for outdoor advertising, and to enter into a revenue-sharing agreement with City. The proposal submitted by MMSI was deemed responsive to the RFP.

A summary of the project is attached as Exhibit A. A map of the proposed locations is attached as Exhibit B.

MMSI has proposed a 10-year agreement in which it will finance all construction and on-going operational costs of the electronic message center displays. The proposal requires no financial investment by the City of Long Beach. MMSI responsibilities include securing site leases, development and construction of the signage, operation and sales. MMSI has proposed a revenue sharing agreement, with the City to receive 50 percent of the net revenue generated by the program.

*The mission of the Long Beach Redevelopment Agency is to enhance the quality of life by improving blighted areas of Long Beach, revitalizing neighborhoods, promoting economic development, creating jobs, providing affordable housing and encouraging citizen participation.*

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The freeway signage program is predicated on the value of the freeway corridors in Long Beach for outdoor advertising purposes. Electronic message center displays along major freeways are one of the fastest growing venues for advertising. Long Beach, due to the miles of freeways within city boundaries, is an excellent market. The I-405 Freeway, for example, has the highest per capita income for commuters in Southern California, and averages over 350,000 cars per day in ridership. Total ridership for all freeways in Long Beach is estimated at 750,000 cars per day.

MMSI anticipates the cumulative program income for the City of Long Beach over a 10-year period to be between \$15 million and \$19.5 million. In addition, MMSI proposes that 20 percent of the advertising time on the network of electronic freeway displays, with an estimated value of approximately \$700,000 per year, be allocated to the City of Long Beach.

An issue with the proposed program is the appropriateness of outdoor advertising. Although the new electronic displays are more sophisticated and attractive than earlier versions, there are concerns that such signage does not add value to the urban landscape. To mitigate that concern, it is recommended that the freeway signage proposal be used to create an ongoing, independent revenue stream to support visual and performing arts and cultural activities in Long Beach, and that the advertising time on the network of electronic freeway displays allocated to the City be used to display and promote the arts and culture in Long Beach. This action will support the ancillary purpose of the program, which is to enhance the image of Long Beach as a city of art.

Specifically, it is recommended that the City use the revenue generated by the electronic signage to retire the \$3.1 million bond obligation of the Long Beach Museum of Art (LBMA), and to serve as an ongoing funding source for the Arts Council for Long Beach (Arts Council) for grants to arts organizations and artists in Long Beach.

The LBMA bond obligation of \$3.1 million comes due in 2009. The LBMA has been paying approximately \$100,000 annual interest on the principal since 2000. It is recommended that the City use General Fund dollars to retire the bond obligation, and then reimburse the General Fund with revenue generated by the electronic freeway signage. It is recommended that the revenue from the program be divided in the following manner:

- 10 percent of annual revenue to City as administrative fee.
- 45 percent of City revenue from the project used to reimburse the General Fund for advancing funds to retire the \$3.1 million bond obligation of the LBMA.
- 45 percent of City revenue from the project to the Arts Council for grants to artists and arts organizations in Long Beach.
- Following repayment to the City of the funds to retire the LBMA bond, 90 percent of revenue to Arts Council for grants to Long Beach arts and cultural organizations and artists.

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Electronic message center displays for outdoor advertising are governed by the state of California Outdoor Advertising Act. The Act provides that electronic advertising displays located within redevelopment project areas may be considered "on-premise" signs. On-premise signs are permitted to advertise business activities located within project areas. Currently, the statute identifies five cities that may consider multiple redevelopment project areas as one area for the sole purpose of outdoor advertising. It is recommended that the City support legislation that will add Long Beach to the five cities now recognized in the statute for that purpose.

State permitting of the electronic message center signs requires approval by the California Transportation Agency (CALTRANS), following an application by the Long Beach Redevelopment Agency.

Electronic message center displays are also governed by local regulations. The Long Beach Municipal Code Section 16.55 specifically prohibits any reference or depiction of sexual activities; obscene acts, gestures, or words; sale or use of alcohol or tobacco products; or the sale or use of illegal drugs or paraphernalia. The Long Beach Municipal Code Section 21.52.229 allows electronic message center signs subject to a conditional use permit and specific development standards, including area, height, display, location and projection. The design of the signs will also be subject to approval by the Department of Planning & Building and the Planning Commission.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

PATRICK H. WEST  
EXECUTIVE DIRECTOR

PHW:CB:RS

Attachments: Exhibit A - Summary  
Exhibit B - Map

APPROVED:

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GERALD R. MILLER  
CITY MANAGER

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## **Electronic Message Board Program**

### **Purpose**

- Create on-going, independent revenue stream to support visual and performing arts and cultural activities in Long Beach.

### **Description**

- Selected firm ("Developer") to construct and operate 6 electronic message boards in Long Beach.
- Message boards to display advertising of businesses, goods & services located in Long Beach redevelopment project areas.
- Developer to finance all costs associated with constructing and operating signs.
- Net revenue divided 50/50 with City for initial length of project (10 years), with two 5-year options.

### **Sign Content**

- Advertising content subject to existing Long Beach ordinance.
- 20% of sign time prorated during day to City.
- City time to be used to display or promote art and culture.
- Final approval of all advertising (commercial and arts) by City.

### **Use of Revenue**

- Retire \$3.1 million bond obligation of Long Beach Museum of Art
- Serve as on-going funding source for Arts Council grants to arts and cultural organizations and artists in Long Beach.

### **Proposed Revenue Split**

- 10% of annual revenue to City as administrative fee.
- 45% of City revenue from project used to repay City until \$3.1 million bond obligation of Long Beach Museum of Art is retired.
- 45% of City revenue from project to Arts Council for grants to artists, arts organizations in Long Beach. Following repayment to City of LBMA bond, 90% of City revenue to Arts Council for grants for arts and culture.

### **Requirements**

- Council authorizing CM to structure, execute agreement with Developer.
- Council authorizing CM to structure, execute agreement with Arts Council.
- Redevelopment Agency Board approval to be applicant to Caltrans
- Approval of spot legislation allowing individual project areas to be considered as a single project area.
- Planning Commission and Council approval of signs.
- Caltrans approval of RDA application for signage permits.