Communication from Public

Name: Jacob Itzkowitz
Date Submitted: 01/22/2026 08:46 AM
Council File No: 22-1154-S2
Comments for Public Posting: See attached

manatt

Jake Itzkowitz
Manatt, Phelps & Phillips, LLP
Direct Dial: (310) 312-4291
JItzkowitz@manatt.com

January 21, 2026

Client-Matter: 68658-030

VIA EMAIL

Los Angeles City Council President Harris-Dawson, Councilmembers
200 N. Spring St.
Los Angeles, CA 90012

Dear Council President Harris-Dawson and City Councilmembers:

This firm represents Tranzito-Vector, LLC ("Tranzito-Vector"), the City's partner and contractor for the Sidewalk and Transit Amenities Program ("STAP"). We have been involved with STAP since before the contract was awarded to Tranzito-Vector, and have worked with the City to successfully resolve legal issues that have arisen with the operation of the program. This includes working with the City Attorney, the City's outside counsel, and Tranzito-Vector to successfully resolve negotiations over outstanding fair market value payments to the City's prior street furniture contractor, Outfront Decaux, at a cost to Tranzito-Vector of over $5M; and successful settlement and pending dismissal of two challenges to the program under the California Environmental Quality Act ("CEQA") – also at significant cost to Tranzito-Vector.

The purpose of today's letter is to raise to the City Council's attention a new threat to STAP, which could create significant legal challenges for the ongoing success of the program. As the City Council is aware, there was a previous motion to direct the Department of Tourism to develop a Request for Proposals for a kiosk advertising program in the public right-of-way (Council File No. 22-1154, the "RFP"), and there was more recently a motion to direct the Department of Tourism to issue the RFP (Council File No. 22-1154-S1, the "RFP Motion").

The potential issuance of the RFP represents significant legal, financial, and reputational peril for the City. Issuing the RFP, and initiating a kiosk program pursuant to it, could open the City up to potential liability for (1) violations of CEQA, (2) allegations of bad faith negotiations, and (3) violations of state and federal privacy laws. We address these issues below.

I. Potential Violations of the STAP CEQA Settlement

This firm and Tranzito-Vector have worked with the City Attorney and the City's outside counsel for more than two years to resolve the CEQA claims raised by two petitioners, Citizens for a Better Los Angeles ("CBLA") and Coalition for a Scenic Los Angeles ("CSLA") (collectively, "Petitioners"). Ultimately, as you are aware, the City Council approved a settlement of Petitioners' CEQA claims on June 18, 2025.

Central to the CEQA settlement was a rescission of portions of the Los Angeles Municipal Code, amended as part of the STAP approval in September 2022, which broadened the City's ability to install digital advertising in the public right-of-way. That rescission ordinance was approved by the City Council on September 30, 2025, subsequently signed by the Mayor. The revised Municipal Code language exempts from a general restriction on signage in the public right-of-way:

> any transit shelters exempted by the City Council from said provisions, or to any outdoor advertising structure associated with any outdoor advertising program for the public right-of-way that was approved by the City Council prior to January 1, 2023.

L.A.M.C. § 67.02(b), *as amended*.

The amended Municipal Code language clearly does not permit the type of outdoor digital advertising kiosks contemplated by the RFP. The contemplated kiosks are outdoor advertising structures but are not transit shelters, nor are they associated with any "outdoor advertising program for the public right-of-way that was approved by the City Council prior to January 1, 2023." Thus, for the RFP to result in a contract award that could proceed to implementation, the City Council will need to again amend the relevant sections of the Municipal Code.

The STAP CEQA settlement does not prohibit further changes to this section of the Municipal Code. It is within the City Council's authority and prerogative to amend the Municipal Code to undo the changes discussed above as specified the STAP CEQA settlement. However, at a minimum such an action could open the City up to allegations of negotiating in bad faith, and provide Petitioners with an opportunity to challenge the CEQA settlement. As of the date of this letter, the judge in that matter retains jurisdiction, and has not yet dismissed Petitioners' claims.

In addition, the RFP and any accompanying Municipal Code changes would require a new CEQA analysis (either a Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report).[1] Regardless of whatever level of environmental analysis and clearance document the City chooses to use for the RFP and Municipal Code changes, it will be subject to potential litigation, similar to the multi-year challenges to STAP that have only just been resolved, at a cost of hundreds of thousands of dollars to the City and Tranzito-Vector. This litigation timeline is on top of the months or years that the underlying environmental analysis may require, and would add significant legal costs to the project.

[1] While this would require additional research and analysis by the City Attorney's office, it does not appear that the RFP or the kiosks proposed thereunder would qualify for any exception to CEQA.

In fact, at least one Petitioner from the group that challenged STAP has already indicated that she has serious concerns about the RFP and intends to challenge the RFP and any accompanying changes to the Municipal Code via a CEQA lawsuit. *See* public comment by B. Broide, August 25, 2025, Council File No. 22-1154-S2. And this is undoubtedly not be the only CEQA or other legal challenge to the RFP and Municipal Code change.

II. Potential Violations of the STAP Privacy Settlement

In addition to potential violations of the STAP CEQA settlement and new CEQA challenges to the RFP's mandatory environmental review, award of a contract under the proposed RFP could open the City up to potential litigation for violation of the separate STAP settlement regarding CBLA's privacy claims.

In addition to the STAP CEQA settlement, Tranzito-Vector has also negotiated a settlement with Petitioner CBLA regarding its privacy claims. These claims alleged that STAP would "surreptitiously collect, store, and sell geolocation and other sensitive personal information" in violation of the California Constitution, including but not limited to using "wireless signal broadcasting equipment" "to collect data from the cell phones and other electronic devices" for the purposes of "monetize[ing]" that information, in violation of Article I, Section 1 of the California Constitution CBLA Petition, at ¶¶ 37, 40-43. This settlement was approved by the City Council on September 30, 2025.

The CBLA settlement restricts STAP from engaging in any data collection, including from accessing any personally identifiable data obtained from personal electronic devices or from collected any personally identifiable data via wireless technology. It further requires that any STAP elements offering publicly-accessible WiFi obtain affirmative consent before allowing users to connect their devices, and prohibits the aggregation, transmission, or sale of any personal data. This agreement protects the privacy of Angelenos and all those who live, work, and play in the City and may pass by any STAP program element.

While the CBLA privacy settlement applies only to STAP, if the RFP does not include substantially similar privacy protections, it is likely open to similar legal challenges. Concerned citizens and organizations, including but not limited to CBLA, may bring similar constitutional challenges to the RFP and any kiosk program or contract award approved pursuant to it, and may seek to apply similar privacy protections through costly and time-consuming litigation.

III. Potential Violations of the STAP Contract

Tranzito-Vector values its excellent relationship with the City and always seeks to act as the City's partner to improve transit services for all Angelenos and to bolster the City's financial position. We also understand that the STAP contract explicitly permits the City to approve other advertising programs in the public right-of-way. STAP Contract, No. C-141478, § 3.2.

However, should the City move forward with the RFP and with a kiosk program or contract award pursuant to it, these actions would likely have a significant detrimental impact on STAP revenues – both for the City (which receives 60% of STAP revenues) and for Tranzito-Vector. While the terms of the RFP are not currently public, any revenue share below 60% to the City would effectively mean a siphoning of advertising dollars from STAP (and the City) to a private contractor's pockets. For example, even assuming a revenue split of 50/50 for any kiosk program resulting from the RFP, that would mean that ten percent (10%) of every dollar of advertising that flows to the kiosk program instead of STAP would come out of the City's RaiseLA and Council district-specific funds.

The STAP contract also explicitly permits Tranzito-Vector to seek a renegotiation of its Revenue Share and/or Minimum Annual Guarantee to the City if any newly-approved advertising program in the public right-of-way have a negative impact on STAP revenues. STAP Contract, Contract No. C-141478, § 3.2. While it is not Tranzito-Vector's desire to renegotiate either of these items, it is possible and even foreseeable that approval of the RFP and any kiosk program or contract award pursuant to it would have such a negative impact on STAP revenues, triggering Tranzito-Vector's right to renegotiate. Thus, while such a kiosk program may appear attractive from a revenue perspective, adopting such a program could ultimately reduce overall revenues to the City by (1) diverting revenues from STAP – which flow to RaiseLA and Council Districts – to a program with a lower revenue share that funds the Tourism department directly, not to RaiseLA, and (2) reducing the City's Revenue Share from STAP.

* * *

Tranzito-Vector values its excellent relationship with the City, including its close working relationship with the Bureau of Street Services and other City departments, as well as the strong support it has received from the City Council, the Mayor, and the rest of the City family. It is our fervent hope that the City Council is mindful of the concerns raised herein and our strong desire to help provide a legally and financially strong future for the City, and to continue to work for a livable City for everyone.

Sincerely,

Jake Itzkowitz

CC: Los Angeles City Attorney Hydee Feldstein Soto