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1 2 3 4 5 6 IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA 7 IN AND FOR THE COUNTY OF WASHOE 8 9 Case No. CV12-02863 SCENIC NEVADA, INC., 10 Plaintiff. Dept. No. 7 11 vs. 12 CITY OF RENO, a political subdivision of the State of Nevada, and the CITY COUNCIL thereof, 13 14 Defendant. 15 16 SAUNDERS OUTDOOR ADVERTISING, Case No.: CV12-02917 INC., a Utah corporation, 17 Dept. No. 7 Plaintiff. 18 vs. 19 CITY OF RENO, a political 20 subdivision of the State of Nevada, and the CITY COUNCIL thereof, 21 Defendant. 22 23 **ORDER** INTRODUCTION 24 Surrounded by the Sierra Nevada Mountains and the Great Basin Desert, 25 26 Reno's bucolic landscape shapes the character of this city, community, and region. 27 This panorama is celebrated in Nevada's State Song and western regional 28

literature. However, the City of Reno is more than mountains and desert; it is home to 231,027 residents and 21,297 businesses whose taxes contribute millions of dollars to its economy.² The City of Reno drew over 4.6 million visitors in 2013,³ many of whom are guided to their destination by billboards on the public highways. The City of Reno is also the battleground of this litigation. **BACKGROUND**

Factual History

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On January 20, 2000, a volunteer organization called "Citizens for a Scenic Reno" ("CFASR") was formed to persuade the Reno City Council to adopt stronger billboard controls. On March 29, 2000, CFASR filed an Initiative Petition which stated:

> "New off-premise advertising displays/billboards in the City of Reno are prohibited, and the City of Reno may not issue permits for their construction."

The initiative qualified for the 2000 general election. Question R-1 read:

"The construction of new off-premises advertising displays/billboards is prohibited, and the City of Reno may not issue permits for their construction."

On November 7, 2000, Ballot Question R-1 passed with 57% approval. On November 14, 2000, it became effective and is presently codified as Reno Municipal Code ("RMC") § 18.16.902(a).4 Entitled as "Restrictions on Permanent Off-Premises Advertising Displays" it reads:

> "The construction of new off-premises advertising displays/billboards is prohibited, and the City of Reno may not issue permits for their construction."

¹ "Mt. Rose is the sole, white, exalted patron angel and fountain of wind and storm to south Reno, while in north Reno, her reign is strongly contested by black Peavine Mountain, less austere, wilder, and home of two winds. Mt. Rose is a detached goal of the spirit, requiring a lofty and difficult worship. Peavine is the great humped child of the desert. He is barren, and often powering, but he reaches out and brings unto him, while Rose stands aloof." The City of Trembling Leaves, Clark, Walter Van Tilburg, University of Nevada Press (1945).

² www.reno.gov

³ www.visitrenotahoe.com

⁴ The Initiative only applied to off-premises billboards, and did not place similar restrictions on onpremises advertising displays.

On November 14, 2000, the City Council adopted Ordinance No. 5206 which established a moratorium on applications for billboards. Ex. 9, 10, 11, 12. On January 22, 2002, the City Council enacted Ordinance No. 5295 (the "Conforming Ordinance"). This interpreted the "no new billboards" language in the Initiative to mean that no *additional* billboards could be built in the City of Reno, thus capping the number of billboards in the City. RMC § 18.06.920(b).

In September 2002, CFASR changed its name to "Citizens For A Scenic Northern Nevada" and adopted its current name, "Scenic Nevada." ⁵

On June 11, 2003, the City adopted Ordinance No. 5461 (the "Banking Ordinance") which allowed billboard owners to remove a billboard from one area and relocate it to a permitted location, provided it complied with all requirements of RMC § 18.16.908(a). Neither Scenic Nevada nor the billboard industry challenged the constitutionality of either ordinance from 2003 to 2012.

Digital Billboards⁶

Until recently, all billboard lighting in the City of Reno was required to be directed toward the billboard and not toward the street. RMC §18.16.905(l). This requirement effectively prevented the construction of any digital billboards in Reno. On February 13, 2008, the City Council directed staff to initiate an amendment to the Reno Municipal Code which would allow the construction and permitting of digital billboards.

Thereafter, City staff, legal counsel, Scenic Nevada and billboard industry representatives held numerous meetings to draft a digital billboard ordinance. Ex. 19, 29-70. As a result of these discussions, the City Council enacted Ordinance No. 6258 entitled "Digital Off-Premises Advertising Displays, including Light-Emitting

⁵ Plaintiff Scenic Nevada, Inc. is a non-profit Nevada corporation whose mission is to educate the general public on the economic, social, and cultural benefits of scenic preservation by means of encouraging billboard and sign control, among other issues. www.scenicnevada.org

⁶ Digital billboards are computer controlled variable message electronic signs whose informational content can be changed or altered by means of computer-driven impulses (including "light emitting diodes") or "LED" light bulbs.

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Diode (LED") ("the digital billboard ordinance"), which allowed static billboards to be converted to digital billboards on October 24, 2012.⁷

The Billboard Litigation

On November 16, 2012, Scenic Nevada filed a *Petition for Judicial Review* seeking to invalidate the digital billboard ordinance. The City filed a *Motion to Dismiss* on the basis that the Petition improperly raised substantive, not procedural, issues. While granting the City's *Motion to Dismiss*, this court permitted Scenic Nevada to file an amended complaint challenging the digital billboard ordinance.

On November 21, 2012, Saunders Outdoor Advertising, Inc.,⁸ ("Saunders") filed a civil rights complaint against the City of Reno under 42 U.S.C. § 1983 alleging the digital billboard ordinance violated the First Amendment and the Equal Protection Clause of the Fourteenth Amendment to the Constitution. The City of Reno filed a *Motion to Dismiss* Saunders' *Complaint*. This court denied the City's motion on January 30, 2014.

On April 15, 2013, Scenic Nevada's filed its *First Amended Complaint* alleging the digital billboard ordinance violated the Nevada Constitution, the Reno Municipal Code and the Federal Highway Beautification Act. The City filed its *Motion to Dismiss* on April 24, 2013. This court denied the City of Reno's motion on July 23, 2013.

On September 11, 2013, the parties agreed to consolidate the actions. Both cases were tried to the Bench on February 24, 2014. The court has reviewed the record in its entirety, the legal authorities, considered the relative merits of the arguments of the parties and all the evidence presented at trial. This Order follows.

⁷ The particulars of the Ordinance permit the approval of digital off-premises advertising displays when the proposing party removes existing static billboards or exchanges banked receipts. The Ordinance does not assume a 1:1 ratio of removal to approval of a digital display, but rather creates a ratio system for different areas identified in the Ordinance and is intended to reduce billboard 'clutter' in certain problem areas identified in RMC § 18.16.904(b)(5).

⁸ Saunders Outdoor Advertisements, Inc., a Utah corporation, owns a number of billboards within the City of Reno.

DISCUSSION

Saunders Outdoor Advertising, Inc. v. City of Reno

Arguments

Saunders contends that the digital billboard ordinance violates its rights under the First Amendment by restricting the ability of a billboard sign owner to upgrade from a single static vinyl billboard to a single digital billboard. Saunders argues that the digital billboard ordinance does not advance the traffic safety and aesthetic goals of the City of Reno. Saunders posits that the "ratio requirement" is not so narrowly tailored to achieve those goals because it restricts more speech than is necessary to achieve the goal of reducing clutter and protecting the health, safety and welfare of the general public.

Additionally, Saunders argues that the digital billboard ordinance's ratio system does not cabin the discretion of the City Council in approving or rejecting applicants for permits or special exceptions thus constituting a prior restraint on its First Amendment rights. Finally, Saunders argues that the ratio system favors large billboard companies who have more billboard inventory over the smaller operators with little or no inventory, thereby creating separate classes of billboard operators in violation of the Equal Protection Clause of the Fourteenth Amendment to the Constitution of the United States.

Legal Standard for Equal Protection Claims

Saunders claims that the ratio system adopted by the City creates different classes of billboard operators and discriminates against those smaller companies with less billboard inventory to trade for digital billboards in favor of larger billboard operators. This may be true but this market-based challenge does not give rise to an Equal Protection Clause claim under the Fourteenth Amendment.

The Equal Protection Clause of the Fourteenth Amendment does not create any substantive rights for individuals but rather, "embodies a general rule that States must treat like classes alike but may treat unlike cases accordingly." $Vacco\ v$.

Quill, 521 U.S. 793, 799 (1997); Higgs v. Neven, 2013 WL 5663127 (D. Nev. 2013).

Saunders claims it suffers an unfair impact from the ratio system's removal

formulae, given's Saunders' smaller inventory than that of its larger competitors.

This may be the case, but the ratio's impact is felt by all billboard owners, large and small. This system does not single out Saunders. Thus, Saunders' claim under the Fourteenth Amendment is unavailing.

Legal Standard for First Amendment Claims

While plead as a violation of its civil rights, the constitutional rights
Saunders asserts have been violated by the digital billboard ordinance really arise
under the First Amendment to the Constitution of the United States and the court
analyzes these claims under the standard governing commercial speech.

The United States Supreme Court has adopted a four-part test for determining the validity of government restrictions on commercial speech:

At the outset, we must determine whether the expression is protected by the First Amendment. For commercial speech to come within that provision, it at least must concern lawful activity and must not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest.

Central Hudson Gas & Electric Corp. v. Public Serv. Comm'n of New York, 447 U.S. 557, 566, 100 S. Ct. 2343, 2350-2351 (1980).

The United States Supreme Court applied the Central Hudson standards to static billboards in Metromedia, Inc. v. City of San Diego et al., 453 U.S. 590, 101 S. Ct. 2882 (1981). "[T]he government has legitimate interests in controlling the noncommunicative aspects of the medium." Metromedia, 453 U.S. at 502. Although a billboard may exhibit commercial or noncommercial speech, large, immovable, and permanent structures (such as billboards) can be subject to restriction for their noncommunicative qualities. "Because regulation of the noncommunitive aspects of a medium often impinges to some degree on the communicative aspects, it has been

necessary for the courts to reconcile the government's regulatory interests with the individual's right to expression." *Id*.

To reconcile these competing interests, a court must conduct "a particularized inquiry into the nature of the conflicting interests at stake here, beginning with a precise appraisal of the character of the ordinance as it affects communication." *Id.* at 503. This is satisfied through an application of the *Central Hudson* standards.

Saunders does not question the City's satisfaction of the first two elements of the *Central Hudson* test,⁹ but asserts the digital billboard ordinance does not advance any stated or implied purpose the City may have and that it is more restrictive than it needs to be in order to obtain the City's stated objectives. The court now turns to an analysis of the final two elements of the *Central Hudson* test and applies them to the facts of Saunders' case.

Legal Analysis

The Supreme Court has said that "[t]he last two steps of the *Central* Hudson analysis basically involve a consideration of the 'fit' between the legislature's ends and the means chosen to accomplish those ends." *United States v. Edge Broadcasting Co.*, 509 U.S. 418, 427-28, 113 S. Ct. 2696 (1993)(internal quotation marks omitted); *see also, Metro Lights, LLC. v.City of Los Angeles*, 551 F.3d 898, 904, 2009 U.S. App. LEXIS 38 (9th Cir. 2008). In *Metromedia*, the Supreme Court stated that it did not disagree with "lawmakers and the many reviewing courts that [find] billboards are real and substantial hazards to traffic safety." *Id.* at 509. As a practical matter, digital billboards serve as multiple billboards in one - part of their utility is that they can rotate different messages on a single platform.

This court finds it reasonable to extend the *Metromedia* analysis to support the general proposition here that digital billboards in the City of Reno are real and substantial hazards to traffic safety capable of distracting drivers, even more than

⁹ 1) The commercial speech is lawful and not misleading; and 2) the City has a substantial interest in regulating billboards.

static billboards.¹⁰ A restriction on the use of digital billboards therefore serves to advance the City of Reno's governmental interest of promoting traffic safety.

Furthermore, the court finds the City of Reno's legitimate interest in preserving the region's aesthetic value is also advanced by restricting the construction of digital billboards. The Reno Municipal Code recognizes that the scenic vistas surrounding the City of Reno "shapes the character of our city, community, and region" and the stated intent and purpose of the billboard regulations is to "promote the maintenance and enhancement of the city's esthetic qualities and improve the character of our city[.]" Ex. 3; RMC § 18.16.901(a). The alternating display of a digital billboard distracts citizens and visitors from the natural vistas even more than a static billboard. Thus, the court finds the digital billboard regulation directly advances the City of Reno's interests in enhancing the aesthetic values in the scenic preservation of this unique environment.

The final standard under *Central Hudson* is whether the digital billboard regulation is more extensive than necessary to serve the City of Reno's governmental interests. The ratio system adopted in RMC § 18.16.905(14) restricts the construction of digital billboards by creating an exchange system between existing (or previously banked) static billboards and digital billboards. To reduce billboard 'clutter' in certain problem areas, the City has determined it appropriate to exchange existing static displays totaling four times the square footage of the proposed digital display¹¹ in order to obtain a permit for the construction of a single digital billboard. This municipal regulation reduces the number of billboards in Reno and is concordant with the declared goals of Scenic Nevada.

¹⁰ RMC § 18.16.905(n)(1) states: "[e]ach message or copy shall remain fixed for a minimum of eight seconds." This restriction serves as an acknowledgment of the potential for distraction posed by digital billboards.

¹¹ Or banked receipts totaling eight times the square footage of the proposed digital display.

One of the goals of Scenic Nevada is the elimination of billboard 'blight' through the enactment of laws to regulate and reduce the numbers of billboards. ¹² The City of Reno has promulgated these municipal ordinances in an effort to eliminate billboard clutter with the City of Reno. Members of the billboard industry recognize that the ratio system promulgated in these regulations will lead to the elimination of some static billboards but they support the effort. ¹³

The court finds that the digital billboard ordinance is reasonably restricted to reach the City's governmental interests in enhancing the aesthetic value of the community and promoting public safety and does not unconstitutionally restrict Saunders' constitutional rights under the First Amendment.

Saunders' Public Policy Challenges

Saunders asserts the ratio system adopted by the City of Reno has no relation to the restriction on digital billboards and is not narrowly tailored because it targets even those non-cluttered areas of the city. Saunders volunteers several different methods by which the City could reduce billboard clutter. While these may be laudable suggestions, it is not within the purview of the court to determine the best method for the City of Reno to confront the urban problem of billboard clutter.

Legal Standard

Public policy is the exclusive province of the Legislative branch of government. As such, the formulation of public policy is not within the purview of the court. Koscot Interplanetary v. Draney, 90 Nev. 450, 530 P.2d 108 (1974). If the court were to do so, it would supplant the City Council's constitutionally delegated legislative powers. See, North Lake Tahoe Fire Pro. Dist. v. Washoe County Bd. of County Comm'rs, 129 Nev. Ad.Op. 72, 310 P.3d 583 (2013).

¹² www.scenicnevada.org.

¹³ "[The billboard industry] is still willing to work with the City to reduce the overall number of boards in the community. South Virginia was brought up and multiple structures that create a cluttered effect. This could be an opportunity to do something about that. We do have a business to run. Out of the goodness of our hearts, we cannot mow down 10 structures, but if we could mow down 10 and put up two or convert to digital, then I think it is a win for the City." Ex. 36, COR 591.

Legal Analysis

Whether a legislative enactment is wise or unwise is not a determination to be made by the judicial branch. Koscot v. Interplanetary v. Draney, 90 Nev. at 456, 530 P.2d at 112. "[The law's] wisdom is not the concern of the courts; if a challenged action does not violate the Constitution, it must be sustained[.]" I.N.S. v. Chadha, 462 U.S. 919, 944, 103 S. Ct. 2764, 2780 (1983). The court finds that the proper entity to decide how to confront the urban problem of billboard clutter and provide the determination of the best method to solve this issue is the Reno City Council. 14

However, the court does have the constitutional authority to determine whether the City's method is so narrowly tailored as to comply with the Supreme Court's *Metromedia* standards. The court finds that it is. A billboard owner seeking the construct a digital billboard within the corporate limits of the city must comply with RMC § 18.16, Article II. These standards are objective in nature and do not grant unfettered discretion to city officials. So long as the billboard owner can demonstrate compliance, the operator is entitled to a building permit as a matter of right.

The court finds the City's discretion in approving permit applications is not unconstitutionally unfettered; it is subject to the requirements enumerated in the Reno Municipal Code. Saunders' claim to the contrary is unsupported by the facts.

Saunders' Unfair Competition Claim Arguments

Saunders contends that the digital billboard ordinance discriminates against persons who have no existing billboards, have no existing inventory to exchange or have no inventory to exchange within the restricted area. The City of Reno counters that the removal requirements for digital billboards further legitimate governmental traffic safety and aesthetic goals; and in particular they "prevent and alleviate needless distraction and clutter resulting from excessive and confusing off-

¹⁴ The City of Reno is a municipal corporation, organized and existing under the laws of the State of Nevada through a charter approved by the Legislature. Under the Reno City Charter, the legislative power of the City is vested in the city council. Reno City Charter, Art. II, § 2.010(1).

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Legal Analysis

be resolved by the courts.

Currently, off-premise digital billboards are banned in the City of Reno. To meet the industry's application of this new technology, reduce billboard clutter across the City, enhance traffic safety and promote the aesthetic value of the community, the City has promulgated these municipal regulations. Billboard

operators are free to exercise any of the available regulatory options.

premises advertising displays." See, RMC § 18.16.901(a). The fact these goals may

economic issue best addressed in the free market and not a constitutional issue to

effect a disparate impact on smaller billboard operators than larger ones is an

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First, it is axiomatic that billboard operators are not required by law to convert their static billboards to digital billboards. They may keep and maintain their existing inventory with no additional governmental regulation. Second, the City has provided for special exceptions for those applicants who seek to relocate or convert a static billboard in the restricted areas to a digital billboard but cannot meet the billboard ratio requirements discussed in the Reno Municipal Code. RMC § 8.16.905(n)(15)(the "Special Exceptions"). Additionally, those applicants who have no inventory to exchange may either apply for a variance or purchase static or banked billboards from those with inventory at market price. Even if it has an incidental effect on some billboard operators but not others, all operators are treated equally under the ordinance. The law does not require that the 'fit' between regulation and constitution be perfect, only that it be reasonable.

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The City has also provided specific mechanisms to reduce the stringency of the ratio requirements for those smaller billboard operators without the inventory of larger billboard operators. Finally, further questioning as to the precise manner in which the City of Reno undertook the task of addressing the issues of aesthetic environmental quality and public safety is outside the ambit of the court's constitutional authority.

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governmental interests of promoting traffic safety and reducing billboard clutter. Scenic Nevada v. The City of Reno

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Scenic Nevada's State Constitutional Claim

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The court next considers Scenic Nevada's assertion that Ordinance 5295 (the "Conforming Ordinance") interpreting the "no new billboards" language in the 2000 Ballot Initiative violated Article 19 § 2.3 of the Nevada Constitution.

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Arguments

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Scenic Nevada asserts Article 19 § 2.3 applies to municipal initiatives and

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therefore the conforming ordinance amending the billboard ordinance violated the Nevada Constitution. The City contends that because the billboard ordinance was a municipal initiative, Article 19 § 2.3 does not apply and therefore it was permissible for the City Council to pass the conforming ordinance within three years of the billboard ordinance's approval. The court turns to an analysis of the applicable constitutional and legislative provisions.

The court finds the ratio system is narrowly tailored to serve the legitimate

Legal Standard

Article 19 § 4 states, in relevant part, "[t]he initiative and referendum powers provided for in this article are further reserved to the registered voters of each county and each municipality as to all local, special and municipal legislation of every kind or for such county or municipality."

Article 19 § 2.3 provides, in part,

If a majority of the voters voting on such question at such election votes approval of such statute or amendment to a statute, it shall become law and take effect upon completion of the canvass of votes by the Supreme Court. An initiative measure so approved by the voters shall not be amended, annulled, repealed, set aside or suspended by the Legislature within 3 years from the date it takes effect.

Legal Analysis

The Nevada Constitution includes specific provisions for the passage of initiatives and referendums in counties and municipalities: "[i]n counties and

municipalities initiative petitioner may be instituted by a number of registered voters equal to 15 percent or more of the voters who voted at the last preceding general county or municipal election. Referendum petitioners may be instituted by 10 percent or more of such voters." Nev. Const. Art. XIX § 4. In this case, the 2000 Ballot Initiative clearly meets the statutory and constitutional requirements for municipal initiatives.

While Art. 19 § 2.3 contains the prohibition on the amendment of state initiatives by the legislature within 3 years from the date the state initiative takes effect, there is no similar provision for municipal initiatives. The Nevada Constitution could have been amended to provide a corollary to the ban on amendments found in Article 19 § 2.3, instead the Legislature enacted Nevada Revised Statute 295.220. NRS 295.220 provides that a municipal initiative "shall be treated in all respects as other ordinances of the same kind adopted by the council." The Reno Municipal Code does not provide a ban on amendments similar to Article 19 § 2.3 of the Nevada Constitution.

Foundational differences in the structure of the Legislature and the city governments of the state caution against a liberal reading of the Nevada Constitution conflating acts by the Legislature to acts by those city governments. If a constitutional provision is clear and unambiguous, courts will not look beyond the provision of the provision. *Miller v. Burk*, 124 Nev. 579, 590, 188 P.3d 1112, 1119-20 (2008).¹⁵

The language of Article 19 § 2.3 of the Nevada Constitution specifically references approval of a *statute*, a canvass of votes by the Supreme Court, and the power of the Legislature to amend, annul, repeal, set aside, or suspend the *statute*. A plain reading of the language cuts against applying the restriction on amendments to municipal *ordinances*.

¹⁵ The court notes while the use of the word "statute" is in and of itself insufficient to identify this section as applying to only state-wide initiatives, the totality of the language suggests that this interpretation is appropriate.

The court finds the 2000 Billboard Initiative was a municipal, not state, initiative and the provision disallowing amendments of initiative measures found in Article 19 § 2.3 of the Nevada Constitution is inapplicable to the actions of the Reno City Council. Thus the court finds the 'banking ordinance' was a proper exercise of constitutional power given to the City of Reno by the Nevada Legislature and does not violate the Nevada Constitution's restriction on amendments to state initiatives. The 2000 Initiative, Ballot Question R-1 and the Term "New Billboards."

The court next considers whether the intent of the 2000 Initiative and Ballot Question R-1 was to completely eliminate billboards or simply cap the number of billboards in the City of Reno at the number in existence at the time of their passage and what the proponents of the 2000 Initiative and Ballot Question R-1 meant when they sought to prohibit the construction of "new" billboards. Arguments

Scenic Nevada argues that "[t]he voter initiative of 2000, codified as RMC § 18.16.902, prohibited new construction of billboards and banned the issuance of building permits for their construction." First Amend. Compl., ¶55. The City argues that the 2000 Initiative and Ballot Question R-1 simply capped the number of existing billboards which may not be exceeded by additional (i.e. "new") billboards.

Under the City of Reno's analysis, so long as a billboard was existing before November 14, 2000, it is not a "new" billboard and may be moved when zoning, contractual termination, construction or land use restrictions require its removal. Scenic Nevada counters that any billboard relocated to another location is "new" to that location and the City is prohibited from issuing a permit for its construction. Legal Standard

Whenever a law is equivocal, courts must define its purpose and intent to effectuate a reasonable interpretation. "[I]f the statutory language is ambiguous or does not address the issue before us, we must discern the Legislature's intent and

construe the statute according to that which 'reason and public policy would

indicate the legislature intended." Sandoval v. Bd. Of Regents, 119 Nev. 148, 153, 1 67 P.3d 902, 905 (2003) (internal citation omitted). Otherwise, absent an ambiguity, 2 courts should interpret a law according to its plain meaning. See Kay v. Nunez, 122 Nev. 1100, 1104, 146 P.3d 801, 804 (2006). Legal Analysis The 2000 Ballot Initiative stated: "New off-premises advertising displays/billboards is prohibited, and the City of Reno may not issue permits for their construction." Once it qualified for the General Election Ballot, Question R-1 read: "The construction of new off-premises advertising displays/billboards is prohibited, and the City of Reno may not issue permits for their construction." After passage of Ballot Question R-1, this Reno City Council adopted Reno Municipal Code section 18.16.902(a) which reads:

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"The construction of new off-premises advertising displays/billboards is prohibited, and the City of Reno may not issue permits for their construction."

In order to understand the intent of the proponents of the Ballot Question, the court looks first to the language of the Question. This is a compound sentence with two independent clauses joined by a comma and conjunction. The independent clauses could function as individual sentences: there is a subject and predicate for each of the independent clauses. This implies equal attention for both ideas in each independent clause. 16 This provides little assistance to the court.

In the first independent clause, construction is the simple subject, is prohibited is the predicative (verb) and of off-premise advertising is a prepositional phrase acting as an adjective to modify construction. 17 In the second independent

¹⁶ The Bedford Handbook 8th Edition, p. 177, 14a.

¹⁷ The Brief McGraw-Hill Handbook 2nd Edition, p. 514, 2. New York: McGraw-Hill, 2012. Print.

clause, the City of Reno is the simple subject, may not issue is the simple predicate (may not issue permits for their construction is the complete predicate which includes the complement: permits for their construction). Permits is the object of the second independent clause and there is a pronoun referring to new off-premises advertising/billboards. For their construction is a prepositional phrase that is acting as an adjective to modify permits. 18

Under this sentence structure analysis, the proponents of 2000 Initiative and Ballot Question R-1 intended to prohibit the City of Reno from permitting the construction of new billboards. On this point both Scenic Nevada and the City of Reno agree. However, the parties diverge on the definition of the word "new" as it modifies "off-premise advertising display/billboards." For that answer, the court turns elsewhere.

There are several definitions of the word "new." One dictionary defines it as: "Of a kind now existing or appearing for the first time[.]" Another defines "new" as: "Of any thing recently discovered." Still another defines "new" as: "Already existing but seen, experienced or acquired recently or now for the first time." These definitions are consistent with the representation of both Scenic Nevada and the City of Reno, thus establishing the ambiguity of the 2000 Initiative and Ballot Question R-1.

Where ambiguity exists, a court is permitted to consider the history of the regulation in determining the intent of the legislating body. If a law is ambiguous, courts "may look to the provision's history, public policy, and reason to determine what the voters intended." *Miller*, 124 Nev. at 590. In this case, in order to guide the voting public, the ballot contained arguments for and against passage of Ballot Question R-1. Scenic Nevada's arguments for passage stated:

¹⁸ The Brief McGraw-Hill Handbook, 2nd Edition, p. 514, 2.

¹⁹ The Random House Dictionary, 2014. On-line.

²⁰ Black's Law Dictionary, Garner 9th edition, 2010. Print.

²¹ New Oxford American Dictionary, 3rd Ed. 2010. Print.

"[t]his Initiative does not ban existing billboards, but it does place a cap on their numbers."

Ex. 6.

When the opponents of the Initiative argued that the Initiative would prohibit all building permits for any billboards, Scenic Nevada responded: "Also, [the billboard industry] led voters to believe, incorrectly, that R-1 banned all billboards." Ex. 223, SN 34(emphasis added). Even after the passage of the 2000 Initiative, Scenic Nevada continued to maintain that the Initiative merely placed a "cap" of 289 billboards permitted in the City of Reno and prohibited the construction of any additional billboards. Additionally, Scenic Nevada told the voters that "approval of the Initiative would therefore have no significant effect on the current level of business of the billboard industry in the City of Reno." Ex. 6. This stark statement cannot be reconciled with Scenic Nevada's present position on the intent of the drafters of the 2000 Initiative and Ballot Question R-1.

In this lawsuit, Scenic Nevada now argues that the intent of the 2000 Initiative and Ballot Question was to eliminate billboards and that regardless where the billboard originated or how long it existed, if it is relocated to another location it is a "new" billboard whose construction is prohibited by the Initiative and Ballot Question.²³ See, Ex. 223, SN 35-36.

In response, the City argues that the 2000 Initiative and Ballot Question R-1 only prohibited the construction of "new" billboards and that excludes any billboard in existence at the time the 2000 Initiative became law. The City interprets the

²² "This Initiative Petition, supported by over 7,000 Reno citizens, would prohibit any increase in the present number of billboards, but it does place a cap on their numbers." Ex. 6. "All parties agreed that the effect of the voter-approved initiative established a cap of 289 billboards within the City limits. That being the number of billboards extant or approved." Ex 223, SN 35.

²³ "[T]he vote [on the 2000 Initiative] was about putting a ban on it, and then having attrition when the billboard comes down so it does not go into the bank. It just never existed again. So eventually we would get fewer and fewer billboards." Ms. Wray, Minutes of Billboards Workshop, May 24, 2011 Ex. 18, COR-00220. This position has been consistently asserted by other representatives of Scenic Nevada. The language "construction of new off-premises advertising displays/billboards is

prohibited" is unambiguous. Chris Wicker, Minutes of Reno Planning Commission Workshop, September 20, 2011. Ex. 36, COR 585-86. Permits for the construction of relocated billboards are "prohibited." Mark Wray, Ex 36, COR 587. "The City Council's decision [to approve the banking and relocation plan] circumvents the will of the voters." Chris Wicker, Ex. 36, COR 591.

term "new billboards" to mean that existing signs can be rebuilt using new technology, or removed and relocated and that a "new" sign would be one that is in addition to those already present in the community at the time the 2000 Initiative was passed into law. Ex. 33; RMC § 18.16.902(b).

In examining their language, the court finds that Scenic Nevada's argument is not supported by either the 2000 Initiative or Ballot Question R-1. If the intent of the 2000 Initiative and Ballot Question was to ban the construction of billboards once they had been taken down, the Initiative would simply have read: "Billboards are prohibited in the City of Reno." However, that is not the language Scenic Nevada put before the voters. The Initiative and Ballot Question told the voters that only the construction of "new" billboards was prohibited, not the construction of all billboards. Indeed, the City of Reno has refused billboard applications seeking approval of "new" billboards. See Ex. 211.

The conflict between the parties' interpretation of the adjective "new" is resolved when "new billboards" in the 2000 Initiative, Question R-1 and RMC § 18.16.902(a) is interpreted as meaning "additional" billboards. A billboard created in the place of another may have but lately been brought into being, but its origin is in the removal of the other existing billboard. This is a reasonable interpretation considering the changing character of public land usage. Cities expand and contract to meet the residential and commercial needs of their citizens. Every city must balance the public need with the private interest. The practical flexibility needed to meet the demands of the City's citizens and business community was addressed in the deposition of Claudia Hanson, the Planning and Engineering Manager for the City of Reno, when she described the basis for the banking ordinance:

²⁴ Four states ban billboards; Maine, Vermont, Alaska and Hawaii. Large cities that have prohibitions on new billboards include Houston, Los Angeles, St. Paul and Kansas City. See www.scenic.org.

²⁵ Under Heraclitus' logic, *nemo discentis bis in indem flluminem*, both the man and the river have changed. In this case, while the location has changed, it is still the same billboard.

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Q: Why are billboards banked?

A: Billboards are banked to give owners of the board an opportunity to relocate them at a later time.

Q: Why? A: **To m**a

A: To maintain their rights to have that board.

Q: So—

Sometimes boards are removed for – if they're falling apart. Some are moved because right-of-way is expanded. Some are moved because the lease is lost with the underlying property owner. Some are moved because a new building is going in.

Ex. 203, p. 40.

"Statutory provisions should, whenever possible, be read in harmony provided that doing so does not violate the ascertained spirit and intent of the legislature." City Council of City of Reno v. Reno Newspapers, Inc., 105 Nev. 886, 892, 784 P.2d 974, 978 (1989). The banking Ordinance, read in harmony with the 2000 Initiative and Ballot Question R-1, effectuates the voters' intent in limiting the number of billboards in the City of Reno to those existing at the time of the 2000 election while protecting the private property rights of billboard owners. Read in conformity with Scenic Nevada's position at the time Ballot Question R-1 was put to the voters, it is clear that Question R-1 meant to ban the construction of additional billboards; i.e., billboards which were not in existence prior to November 14, 2000.

Consistent with that interpretation, the City of Reno adopted the conforming Ordinance 5295 which prohibited additional billboards by capping the number of billboards to the number that existed on November 14, 2000. RMC § 18.06.920(b). Thus, while a billboard created pursuant to the banking or removal Ordinance may appear for the first time in a different area, it isn't genuinely appearing for the first time: the location is new, but the billboard is not.²⁶

"Whenever possible, this court will interpret a rule or statute in harmony with other rules and statutes." *Allianz Ins. Co. v. Gagnon*, 109 Nev. 990, 993, 860 P.2d 720, 723 (1993) (per curiam) (citations omitted). "If there is an irreconcilable

²⁶ Scenic Nevada's interpretation could be viewed as permitting the movement of billboards provided the original materials were used at the new location. This view begs the question presented in the philosophical conundrum concerning the Ship of Theseus: how much of the original structure would necessarily be included to prevent the resulting billboard from being "new?" For obvious reasons, this construction of the statute would lead to absurd results.

conflict between two statutes, the statute which was most recently enacted controls the provisions of the earlier enactment." *Marschall v. City of Carson*, 86 Nev. 107, 115, 464 P.2d 494, 500 (1970) (citations omitted). The most recent Ordinance addressing this issue is the conforming Ordinance. Under the law, this court considers this Ordinance both instructive and persuasive.

The conflict between the parties is resolved when "new billboards" in the 2000 Initiative Ballot Question R-1 is interpreted as meaning "additional" billboards. Thus, in order to effect the stated intent of the proponents of the 2000 Initiative and Ballot Question and also harmonize the City of Reno's municipal ordinances with its governmental interests, this court finds the 2000 Initiative and Ballot Question is properly read as creating a cap on the number of billboards in the City of Reno and the word "new" is intended to refer to additional billboards above that amount as existed on November 14, 2000. Thus, Reno Municipal Code section 18.16.902 does not violate the voter's intent of the 2000 Initiative or the Ballot Question and is a lawful and constitutional exercise of its municipal authority.

This interpretation is further reinforced when considering the practical impact Scenic Nevada's recent interpretation would have on the billboard industry and the citizens of the City of Reno. Scenic Nevada's interpretation of the Initiative and Ballot Question would clearly lead to the permanent loss of a billboard to its owner. Not only would this frustrate all parties' interest in reducing billboard clutter²⁷ but the billboard's loss could constitute a "taking" under the Fifth Amendment which could subject the citizens of Reno to litigation and monetary damages, a consequence not explained to the public voting on Ballot Question R-1. ²⁸

²⁷ There would be little incentive for an owner to remove a dilapidated billboard if its loss would be permanent.

²⁸ This is not hypothetical. Outdoor Media Dimensions sued the City when it lost the use of its billboards because of the RETRAC project and the City of Reno paid \$50,000.00 to settle the litigation. Ex. 202. In Minnesota, a judge ordered the State to pay Clear Channel Outdoors \$4.321 million in compensation for removal of a digital billboard. Ex. 218. The litigation risks to the citizens of Reno are substantial.

The Takings Clause of the Fifth Amendment of the Constitution of the United States, made applicable to the states through the Fourteenth Amendment, prohibits the government from taking private property for public use without just compensation. Chicago, Burlington & Q. Railroad v. Chicago, 166 U.S. 226, 17 S.Ct. 581 (1897). Nevada Constitution Article 1 § 8(6) states "[p]rivate property shall not be taken for public use without just compensation having been first made, or secured."

In Pennsylvania Coal Co. v. Mahon, the United States Supreme Court determined that state regulation of property may require just compensation, observing that, "while property may be regulated to a certain extent, if regulation goes too far it will be recognized as a taking." 260 U.S. 393, 415, 43 S. Ct. 158 (1922). The Nevada Supreme Court has recognized that government regulation of private property may, in some instances, be so onerous that its effect is tantamount to a direct appropriation or ouster and that such regulatory takings may be compensable under the Fifth Amendment. McCarran Int'l Airport, et al. v. Sisolak, 122 Nev. 645, 137 P.3d 1110 (2006). Certainly Scenic Nevada did not intend the confiscation of private property by its support of the 2000 Initiative and Ballot Question R-1.

The Federal Highway Beautification Act

In 1965, Congress passed the Federal Highway Beautification Act ("HBA"), 23 U.S.C. § 131, to preserve the scenic beauty of America's highways. Among other things, it required States to provide effective control of billboard advertising along federally funded highways. In conformity therewith, the Nevada Legislature authorized the Board of Directors of the Department of Transportation ("NDOT") to regulate and restrict the construction and maintenance of outdoor advertising within 660 feet of the nearest edge of the right-of-way and visible from the maintraveled way of the interstate and primary highway systems within Nevada. NRS 410.220 to NRS 410.410. The Board of Directors of the NDOT was required to enter

5 Arguments

 into an agreement with the Secretary of Transportation with respect to criteria regarding spacing, size, and lighting of highway billboards (the "Federal-State Agreement"). NRS 410.330. On January 28, 1977, NDOT and the Secretary of Transportation entered into the Federal-State Agreement. Ex. 69.

Scenic Nevada argues that the digital billboard ordinance is void and of no legal force because it violates Nevada law banning intermittent lighting on billboards adjacent to interstate highways as adopted by the Federal-State Agreement ("FSA") and for the same reasons enunciated in Scenic Arizona v. City of Phoenix Board of Adjustments, 268 P.3d 370 (Ariz.App. 2011). The City of Reno argues that Nevada law does not expressly preempt municipalities from adopting highway billboard ordinances less restrictive than NDOT regulations. The City argues that state law grants the City and NDOT concurrent jurisdiction over highway billboards and the right to issue permits.

Legal Standard

The Highway Beautification Act controls signs along the Interstate Highway System and the former Federal-aid primary highway system (collectively, "Nevada Highways"). 23 U.S.C. § 131 (2006). The FSA for Nevada relies upon the Nevada Department of Transportation ("NDOT") to enforce its provisions. Pursuant to the FSA, billboards "shall not include or be illuminated by flashing, intermittent or moving lights . . ." Nevada's corollary is found in NAC 410.350(2) and states, in part, "[A] commercial electronic variable message sign, including, without limitation, a trivision sign, may be approved as an off-premises outdoor advertising sign in an urban area if the sign does not contain flashing, intermittent or moving lights" NRS 410.330.

Nevada law grants both the City and NDOT concurrent jurisdiction over highway billboards and the right to issue permits. NRS 278.020; NRS 410.220 to NRS 410.410, inclusive; and specifically, NRS 410.365. Because both agencies

Legal Analysis

exercise concurrent jurisdiction, an applicant must obtain both a City permit and a NDOT permit to erect a highway billboard.

An applicant seeking to erect and maintain a digital billboard within the City limits and within 660 feet of an interstate highway must obtain permits from both the City of Reno and NDOT as they exercise concurrent jurisdiction over highway billboards. To the extent a permit issued by the City is less restrictive than a permit issued by NDOT, the more restrictive standard governs and the City permits yields to the NDOT permit pursuant to RMC § 18.02.109(a) ("If the provisions of Title 18 are inconsistent with those of the state or federal governments, the more restrictive provisions will control, to the extent permitted by law.").

Where NDOT regulations control, they supersede the municipal ordinances. However, for areas in the city not within 660 feet of an interstate highway, and where the applicant has otherwise satisfied the municipal requirements, the municipal ordinances are applicable as they do not conflict with NDOT regulations.

NDOT is authorized to prescribe regulations governing the issuance of permits for the erection and maintenance of highway billboards consistent with the HBA. NRS 410.330. As billboard technology evolved, FHA recognized that the FSAs and regulations needed to be clarified with regard to commercial electronic variable message signs (digital billboards), so the FHA issued a memorandum expressly authorizing the use of digital billboards on September 25, 2007. The Nevada Legislature enacted Assembly Bill 305 in 2013. AB 305 became effective on January 1, 2014. This directs the Board of Directors of NDOT to prescribe regulations specifying the operational requirements for digital billboards which conform to any regulations promulgated by the Secretary of Transportation. Thus,

digital billboards are permitted on highways in Nevada.²⁹ Thus, the digital billboard ordinance does not violates the Federal Highway Beautification Act. The Reno Sign Code

The court now considers Scenic Nevada's assertion that the digital billboard ordinance violates RMC § 18.16.905.

Arguments

Scenic Nevada claims that the digital billboard ordinance violates Reno Sign Code's prohibition against using flashing intermittent LED lights to display advertising messages. RMC § 18.16.905(n)(5). Scenic Nevada also argues that digital billboards are fundamentally unhealthy, unsafe, unaesthetic, antienvironmental and injurious to public welfare and the City cannot rebut those assertions. The City argues that it adopted the digital billboard ordinance to further implement the stated purpose and intent of the Sign Code set forth in RMC § 18.16.901(a). While the City does not specifically address the public health, safety and welfare issue, the City argues the digital billboard ordinance is a matter of public policy not subject to the courts' purview. This court agrees.

Legal Standard

RMC § 18.24.203.4570 provides that "[f]lashing sign means a sign which uses blinking, flashing or intermittent illumination, either direct, or indirect or internal." The Reno City Council enacted the digital billboard ordinance which establishes standards for off-premises advertising displays in RMC § 18.16.905(n). This ordinance pertains to permanent off-premises displays in the city. RMC § 18.16.905(n)(5) states, "[D]isplays shall not flash or move during a display period."

²⁹ Scenic Arizona v. City of Phoenix is easily distinguished from the case at bar. First, the Arizona Legislature passed a law specifically banning intermittent lighting on highway billboards across the state – Nevada has not. In fact, the Nevada Legislature has directed NDOT to promulgate regulations governing the operation of digital billboards on Nevada highways where they are now permitted.

Legal Analysis

Reno Municipal Code § 18.24.203.4570 defines a "flashing sign" as a sign which uses blinking, flashing or intermittent illumination, either direct, or indirect or internal. RMC § 18.16.905(n)(5) states: "[d]isplays shall not flash or move during a display period." The digital billboard ordinance contains specific limitations on the types of digital displays permitted. The language of RMC § 18.16.905(n) is deliberate. The guidelines of that provision are far more detailed than the blanket restriction on flashing signs. Additionally, the language of § 18.16.905(n)(5) reveals an intent to distinguish between the typical message rotation of a digital sign and the flashing sign not permitted under RMC § 18.24.203.4570. Therefore, the digital billboard ordinance does not violate the Reno Sign Code.

CONCLUSION

This litigation reveals that the parties have more in common than in conflict. Scenic Nevada promotes the economic, social and cultural benefits of scenic preservation through the enactment of billboard and sign control regulation. Through the exercise of the democratic process, their efforts lead to the enactment of municipal ordinances that cap and will reduce the number of billboards in the City of Reno. The billboard industry participated in drafting a municipal ordinance which protects its private property rights while accepting a reduction in static billboards in exchange for the use of digital technology.

Finally, the City of Reno reached out to both constituencies in open workshop meetings and public hearings to promulgate municipal ordinances that balance the commercial needs of its business community and the scenic preservation aspirations of its citizens, enhancing both the economy and the community.

Scenic Nevada is correct; the 2000 Initiative and Ballot Question prohibited the construction of new billboards. The City of Reno is correct; the 2000 Initiative and Ballot Question does not permit the construction of new billboards. Saunders Outdoor Advertising has new opportunities to implement digital technology.

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While these efforts have been difficult, in concluding this litigation, this court finds the regulations reasonable and the ordinances constitutional.

THEREFORE,

- 1. As to SAUNDERS OUTDOOR ADVERTISING, INC.'s v. CITY OF RENO, this court enters Judgment in favor of Defendant CITY OF RENO and against Plaintiff SAUNDERS OUTDOOR ADVERTISING, INC.
- 2. As to the SCENIC NEVADA v. THE CITY OF RENO, the court enters Judgment in favor of Defendant CITY OF RENO and against Plaintiff SCENIC NEVADA, INC.
- 3. All parties to bear their own attorney fees and costs.

IT IS SO ORDERED.

DATED this <u>27</u> day of March, 2014.

Patrick Flanagan District Judge

CERTIFICATE OF SERVICE

Mark Wray, Esq. for Scenic Nevada, Inc.;

Frank Gilmore, Esq. for Saunders Outdoor Advertising; and

John Kadlic, Esq. and Jonathan Shipman, Esq. for City of Reno

I deposited in the Washoe County mailing system for postage and mailing with the United States Postal Service in Reno, Nevada, a true copy of the attached document addressed to:

Judicial Assistant