

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING OF JUNE 20, 2017
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	BILLBOARD ADVERTISING TENDER

RECOMMENDATION

That on the recommendation of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer the following report regarding a tender for billboard advertising **BE RECEIVED** for information purposes.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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“Proposed Revised Sign By-law & Amendments to Current Sign & Canopy By-law,” Planning and Environment Committee, May 23, 2017.

“Alternatives for Billboards Advertising,” Corporate Services Committee, November 29, 2017.

“Proposed New Sign By-law & Amendments to Current Sign & Canopy By-law,” Planning and Environment Committee, October 17, 2016.

“Extension of Lease of City Owned Lands Outdoor Advertising Billboards Outfront Media Canada LP,” Corporate Services Committee (in camera), September 20, 2016

“Proposed New Sign By-law & Amendments to Current Sign & Canopy By-law,” Planning and Environment Committee, August 22, 2016

“Extension of a Lease of City Owned Lands for Outdoor Advertising to Outfront Media Canada LP,” Corporate Services Committee, October 20, 2015

BACKGROUND

On December 7, 2016, Council resolved the following:

That, on the recommendation of the Managing Director, Development and Compliance Services & Chief Building Official and the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, with the concurrence of the City Manager, the following actions be taken:

- a) *The staff report dated November 29, 2016 regarding alternatives for billboard advertising BE RECEIVED for information;*
- b) *The Civic Administration BE DIRECTED to undertake a Request for Proposal (RFP) process that will:*
 - i) *Maximize the amount of revenue generated by billboard advertising (in comparison to the existing lease); and,*
 - ii) *Provide billboard advertising opportunities for City and community groups (coordinated by the City) for no charge; it being noted that this will impact the amount of revenue that will be generated from the advertising alternatives;*

It being further noted that a new contract must be in place by October 27 and that the RFP will be in part affected by the Sign By-law process currently underway.

In the months since Council provided the above direction, Staff have been reviewing options and opportunities for additional billboard advertising on City-owned land. This analysis has run in parallel to the efforts taken to introduce a new Sign By-law that provides new possibilities for billboard advertising.

This report provides an update on Administration's review and the go-forward approach regarding the billboard advertising lease.

Direct Provision or Expanded Lease

The December 7, 2016 Staff report outlined two different approaches for billboard advertising. The first – direct provision of billboards – suggested the City acquiring and constructing billboard infrastructure to sell advertising space to the public. The second alternative suggested additional City-owned lands that could be added for the existing billboards sites for an expanded lease offering to interested parties.

As a result of further review and analysis, Staff have pursued the expanded lease alternative. As described in the December 7, 2016 report, there are significant upfront capital costs associated with City-owned billboards, as well as uncertain operating costs. Compounded with an unknown revenue stream, Administration is of the opinion that directly providing billboards as a new service presents considerable financial risk and is not feasible at this time. An expanded lease would provide opportunities to generate additional revenue for the City, which was the principal objective of the direct provision proposal.

New Sign By-law

The issuance of the billboards tender has been contingent on Council approval of the new Sign By-law. The new By-law includes a number of enhanced permissions for billboard advertising, including an increased number of permitted locations, improved setbacks to residential lots and previously non-existent permissions for digital billboards.

Council adopted the new Sign By-law on May 30, 2017. As a result, the tender for the expanded billboards locations can now be issued, providing for new locations and opportunities for digital billboards.

METHOD AND RESULTS

Review of Billboard Site Opportunities

A review of all City-owned land for billboards advertising use was undertaken by Staff. Based on the restrictions provided in the new Sign By-law (e.g., residential setbacks and exclusion of open space zoned parcels), candidate sites were identified. The initial review identified 153 parcels for further consideration. Subsequently, the project Staff team developed additional criteria to refine the sites:

- excluded industrial lands to avoid conflicts with the City's Industrial Land Development Strategy;
- excluded properties recommended for disposal through the vacant lands Asset Review; and,
- excluded lands fronting on non-arterial roads due to perceived lack of marketability for billboards purposes.

A refined list of nineteen (19) parcels was circulated internally to Service Areas and divisions for review and comment on the lease of the sites for billboards purposes. Extensive comments were received for all sites, with multiple concerns raised for many individual parcels. Requests for retention were based on a number of factors, including:

- impacts on natural heritage features and flood mitigation;
- hindrances to the provision of City services;
 - watermains and sanitary sewers;
 - stormwater management facilities and channels;
 - parking services; and,
 - fire services;
- tree protection and planting needs; and,
- contrary to City strategies and policies related to civic design and Place Type character.

As a result of the review of comments received on candidate lands, Staff are of the opinion that no opportunities exist for adding locations to the existing eight (8) properties leased for billboards purposes. The potential conflicts and impacts that would arise from billboards located at these sites is deemed to outweigh the potential increase in revenue that could be generated. Staff will proceed to let a tender for the current sites and, consistent with Council's desire to maximize the amount of revenue generated by billboard advertising. As several of the existing sites are permitted digital billboards, the new lease is likely to produce a higher revenue stream.

It should be noted that the present billboard lease agreement expires in October 2017. If Staff was directed to re-confirm the viability of candidate lands for billboards purposes, there is significant risk that the tender process would not be completed in time for a new lease to be in place without interrupting the receipt of revenue.

Advertising Opportunities for the City and Community Groups

Presently, the City has banner advertising located on two railway overpasses in and around the central area of the city. As part of the arrangement, the City is provided advertising opportunities, which are used for City advertising/public education. The current campaigns include the Canada 150 celebrations in London and public education to support fire prevention. Although the railway overpasses do provide some opportunity for large-scale City advertising, the billboards tender will explore the provision of space for City initiatives and community groups.

CONCLUSION

Civic Administration has conducted an extensive review of opportunities for additional City-owned lands that could be leased for billboard purposes. The review has concluded that the potential conflicts and impacts on candidate sites are such that usage for billboards is not recommended by Staff.

Consistent with Council's direction, Staff will let a tender for the existing eight (8) billboard locations for a lease to be in place no later than October 2017.

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PREPARED AND SUBMITTED BY:	CONCURRED IN BY:
PAUL YEOMAN DIRECTOR, DEVELOPMENT FINANCE	BILL WARNER MANAGER, REALTY SERVICES
RECOMMENDED BY:	
ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

- cc. George Kotsifas, Managing Director, Development and Compliance Services and Chief Building Official
- Peter Kokkoros, Deputy Chief Building Official
- Dave Munteer, Solicitor II