

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 23, 2018**

Item 7, Report No. 5, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on May 23, 2018, as follows:

***By approving that consideration of the site locations listed on attachment 1 be deferred pending public consultation;***

***By approving that staff take the necessary action to initiate the procurement process;***

***By approving that the funds generated from this initiative be allocated to City beautification and winter maintenance and staff provide a report with respect to the allocation and distribution ratio; and***

***By receiving the following communications:***

- C2 Mr. Tony Romanelli, RCC Media, Steeles Avenue West, Toronto, dated May 16, 2018;***
- C13 Ms. Pina Sacco, Village of Woodbridge Ratepayers Association, dated May 22, 2018; and***
- C14 Chief, Corporate Initiatives and Intergovernmental Relations, dated May 22, 2018.***

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## **7 BILLBOARD REVENUE POTENTIAL**

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Corporate Initiatives and Intergovernmental Relations, dated May 7, 2018, be approved, with the locations listed in Attachment 1 being as follows:**

**Site 1 - 2800 Rutherford Road (west of Melville Avenue);**

**Site 2 - 5020 Hwy 7 at Islington Avenue;**

**Site 3 - Bathurst Street & Queen Filomena Avenue;**

**Site 4 - Bathurst Street and New Westminster Avenue;**

**Site 5 - Hwy 7 between Martin Grove Road and Kipling Avenue;**

**Site 6 - Jane Street and Springside Road;**

**Site 7 - Keele Street and Teston Road; and**

**Site 8 - Weston Road and Retrest Boulevard.**

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 23, 2018**

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#### **Recommendations**

The Chief Corporate Initiatives and Intergovernmental Relations recommends:

1. THAT Council approve the site locations in Attachment 1 to be leased to a third party out-of-home advertising company for the purposes of erecting and managing advertising signs; and
2. THAT Staff be directed to take the necessary action to initiate the procurement process pursuant to this report, and subsequent contractual agreement.

(A copy of the attachments referred to in the following report have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

Item:



## Finance, Administration and Audit Committee Report

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**DATE:** Monday, May 07, 2018

**WARD(S):** ALL

**TITLE:** Billboard Revenue Potential

**FROM:**

Tim Simmonds, Chief Corporate Initiatives and Intergovernmental Relations

**ACTION:** DECISION

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**Purpose**

In an effort to bring forward opportunities to generate non-taxation revenue for the City, consideration has been given to lease small parcels of City land to a third party for the purposes of erecting advertising signs.

**Recommendations**

The Chief Corporate Initiatives and Intergovernmental Relations recommends:

1. THAT Council approve the site locations in Attachment 1 to be leased to a third party out-of-home advertising company for the purposes of erecting and managing advertising signs; and
2. THAT Staff be directed to take the necessary action to initiate the procurement process pursuant to this report, and subsequent contractual agreement.

### **Report Highlights**

- Digital advertising model used in many municipalities like Ottawa, Toronto, Pickering and in York Region on TRCA land
- Revenue potential of \$7.5M across the 15-year term, with third-party responsible for all costs
- New revenue source can support city services, programs, and infrastructure to keep quality of life high in Vaughan
- City can request use of third party advertising signs to expand city messaging to new areas and use system in the case of emergency ie. Amber Alerts

### **Background**

As identified in the approved Marketing Partnership Strategy and Implementation Plan, new revenue generation efforts related to advertising, as well as corporate partnerships, were to be pursued by the Municipal Partnerships Office. These efforts are to support programs, services and infrastructure across the city to keep the tax rate low, and the quality of life high for all residents.

#### **Using parcels of City land for the purpose of advertising was a specific component of the Marketing Partnership Strategy**

Consultations with multiple departments and external stakeholders was necessary to accurately illustrate this opportunity for consideration. This initiative is not associated with the City's digital sign network, as this focuses on third party advertising versus exclusive city content. If approved, to source the most appropriate out-of-home advertising company to implement this plan and erect and manage advertising signs, Staff would follow the appropriate procurement process.

Although there are eight sites for consideration in this report, there is potential to expand this initiative to include additional locations pending Council approval. Staff suggest a maximum of twelve locations for this purpose to ensure the signs are not intrusive on the City's landscape. If warranted, a report with additional locations would be brought back to Council for consideration following the initial deployment of the locations in this report.

#### **Many municipalities and organizations using similar advertising model including Ottawa, Toronto, Welland, Peterborough, Pickering and the TRCA**

With the growth of our city comes an opportunity to use high-traffic areas to generate revenue through advertising methods. Digital advertising has become a way of life, and a popular means to communicate information. Many municipalities and organizations are venturing into the business of using their spaces for digital advertising as a way to reduce operational costs. These include the City of Ottawa, Toronto, Welland, Peterborough, Pickering, and the TRCA to name a few. With digital advertising signs

currently in place in Vaughan but on property not owned by the city, the public are already exposed to this popular form of advertising, but the City is not reaping the full benefits of these signs. By using successful advertising models as a guide, the City of Vaughan can use small parcels of land to secure guaranteed annual revenue.

### **City can mandate technology that automatically controls illumination and reduces brightness relative to surroundings**

To minimize concerns about illumination impacting residents in their homes, the City will mandate in the RFP that digital signs installed have the technology to control the illumination and dim relative to its surroundings, therefore reducing to a minimum amount of brightness – these can be at as little as 2% brightness in the evening. Staff will also request that bidders illustrate additional ways they can use safe and innovative technology and practices to ensure smooth implementation and management of the signs. The City would also mandate that signs are shut off between 11pm and 7am, with the flexibility of restricting further based on resident feedback. All digital signs would allow for third-party advertising based on the [Canadian Code of Advertising Standards](#).

### **City will request free advertising time on signs to expand city messaging in Vaughan to better communicate with residents**

Staff would also request advertising time on the signs at no cost to the City. This will help city messaging get expanded to areas that do not receive regular city information via our current digital sign network. This will also help minimize use of mobile signs for city event and service promotion. The City will also request access to all signs for a prolonged period of time in the event of emergency to deploy important information like Amber Alerts, to increase safety and awareness for all citizens and better serve our community.

### **Previous Reports/Authority**

This is being considered based on direction from the Council approved [Marketing Partnership Strategy & Implementation Plan](#).

### **Analysis and Options**

The Municipal Partnerships Office identified possible sites for this purpose with assistance from the Real Estate department. The sites being considered were identified due to the following criteria:

1. The City owns the land
2. These sites do not face residential homes
3. These are high-traffic areas where revenue potential would be highest (based on demand from third-party advertising companies)

A total of sixteen sites were initially considered based on the above criteria, with seven discounted for a variety of reasons; one due to a triparty agreement in place for the land, three that were on land shared with fire stations which were deemed as not ideal

from an operations perspective, and another three sites as they were adjacent to a 400 series highway, which is under the jurisdiction of the MTO who will not permit third party advertising that is within 400 metres of class 1a highways. Attachment 1 outlines the eight site locations being considered. An additional site at Islington Avenue south of Woodbridge Avenue currently has third party advertising on the land and will be added to the group of sites in attachment 1 to maximize revenue potential for the City, as it is currently not receiving market value. This site and site 5 in Attachment 1 is under a management agreement with the TRCA, however approval has been given from the TRCA to the City of Vaughan to pursue these sites for advertising purposes.

**Staff consulted on best areas within sites to not interfere with current and future operations; departments included Parks Development, Development Engineering, Transportation Services, Parks & Forestry Operations, Environmental Services, Facility Maintenance Services, Infrastructure Planning, and Development Planning, and By-Law and Compliance, Licensing and Permitting Services**

All comments were logistical in nature, and will provide the framework for the RFP created to ensure bidders are aware of special considerations for each site, and the necessity to work with city staff for the planning and implementation stages.

**Although the City is exempt from following our Sign By-Law, the current development stage of the new Sign By-Law indicates alignment with this initiative**

In light of the Sign By-Law being updated in the near future, the By-Law and Compliance, Licensing and Permitting Services department has been consulted on this initiative to help build the framework for the digital advertising section of the new by-law. This was done to ensure we work to align our efforts with the city-wide stance on these types of signs including requirements related to size, dimming levels, and other elements.

**Anticipated size of display panels are no greater than 10ft x 35ft**

Based on other municipalities and the current landscape of out-of-home advertising, we anticipate the size of the display panels of the signs at all sites to be no greater than 10ft x 35ft, which is a standard size within the industry, and a size that will align with the new sign by-law. For comparative purposes, an [existing digital sign](#) at Rutherford Road east of Melville Avenue is 9ft x 31ft. A minimal parcel of land is required to support these signs as most are erected with a single pole support system.

## **Financial Impact**

**Revenue potential of \$7.5M across the 15-year term, with third-party responsible for all costs**

All costs and work associated with locates, permits, erecting the billboards, maintaining them, and the sales and management of the ads are the responsibility of the selected out-of-home advertising company. Based on industry standards, with the large investment required by the third party, the length of the lease of these parcels of lands

would be anticipated at 15 years to justify the investment in the infrastructure by the successful RFP bidder.

External consultation with out-of-home advertising companies who specialize in this work suggest that high-traffic areas that allow for a double sided digital advertising sign could earn the City up to \$50,000-\$60,000 per year per location. This amount aligns with similar lease deals held by the TRCA in York Region and other municipalities. Given the consideration for the eight sites in Attachment 1 and the existing site at Islington Avenue south of Woodbridge Avenue, the revenue potential is estimated at approximately \$500,000 per year, pending any site limitations and revenue-sharing for the two sites under a management agreement with the TRCA. Over the term of the agreement, this could generate \$7.5 million dollars in non-taxation revenue for the City, to support the term of council priority to meet tax rate targets of no greater than 3%.

### **Broader Regional Impacts/Considerations**

Although York Region has jurisdiction on region roads, it respects local municipal decisions to place advertising signs on their own property, and only requires that signs placed on City lands respect a 1 metre setback from the road, which will be outlined in the RFP.

### **Conclusion**

Digital advertising signs already exist in Vaughan, but are located on land not owned by the City, and thus the City is not taking advantage of the revenue potential associated with leasing land parcels for this purpose. Building another non-taxation revenue source will help the City plan for the future and be in a better position to deal with the many challenges confronting the municipal sector. Availability and quality of municipal services and programs, the environment, infrastructure, and community safety are matters that will need to be addressed as the City grows. Meeting public needs and expectations will require the optimizing of potential revenue sources. In addition to generating revenue, getting access to these signs to expand City messaging to new areas of the city, including in emergency situations, will better serve our citizens.

For more information, please contact: Katie Maginn, Manager Municipal Partnerships, [katie.maginn@vaughan.ca](mailto:katie.maginn@vaughan.ca), x8841.

### **Attachments**

1. Billboard Revenue Potential – Site Locations, Corporate Initiatives & Intergovernmental Relations, Mar 1, 2018

### **Prepared by**

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