

Committee of the Whole (2) Report

DATE: Tuesday, December 5, 2023

WARD(S): ALL

TITLE: **DIGITAL BILLBOARD REVENUE PROGRAM – PHASE 2
COMMUNITY ENGAGEMENT RESULTS AND PHASE 3
PROPOSAL**

FROM:

Nick Spensieri, City Manager

ACTION: DECISION

Purpose

To report back on the results of the industry and public consultation regarding the four locations identified to proceed to Phase 2 of the Digital Billboard Program, and to present the results of the Phase 3 RFI to develop a short list of additional locations and the potential to monetize existing inventory.

Report Highlights

- The stakeholder engagement and public consultation processes are complete, and the findings are attached.
- Due to the positive response of the four (4) sites identified in Phase 2 of the Digital Billboard Program staff are ready to proceed to RFP.
- An additional four (4) large-format digital billboard locations have been identified as part of Phase 3 and have been evaluated by the internal working group as recommended by the industry for consideration.
- There is potential to revitalize and/or monetize existing billboards via contractual amendments to both RCC Media Inc. and Market Lane Holdings Inc. /TRCA current agreements.

Recommendations

1. THAT Council receives the feedback from the stakeholder and public consultation, and authorizes the City to proceed to RFP and subsequently enter into a land-lease agreement for the following four (4) sites in Phase 2, in a form satisfactory to Legal Services, to permit the proposed installation of the digital billboards:
 - a. Maple Reservoir Park, 10670 Keele St (Ward 1)
 - b. Al Palladini Community Centre, 9201 Islington Ave (Ward 2)
 - c. Rainbow Creek Park, 5450 Highway 7 (Ward 2)
 - d. Jean Augustine District Park, 101 Westmount Ave (Ward 5).
2. THAT in addition, Council authorizes the City to proceed to RFP and subsequently enter into a land-lease agreement for the following four (4) sites identified by the industry via RFI, in a form satisfactory to Legal Services, to permit the proposed installation of the digital billboards:
 - a. Sonoma Heights Community Park, 100 Sunset Ridge (Ward 2)
 - b. Woodbridge Yard, 4630 Langstaff Rd (Ward 2)
 - c. Vaughan Grove Sports Park, 7401 Martin Grove Rd (Ward 2)
 - d. Maple Nature Reserve, 10401 Dufferin St (Ward 4).
3. THAT staff be authorized to negotiate terms and conditions of the land-lease agreement(s) with the successful vendor(s) of the City's request for proposals procurement process, with respect to the eight (8) sites identified in Recommendations 1 and 2 herein, and that the billboards must comply to the City's Sign By-law 140-2018, as amended, with the following exemptions from Section 15:
 - a. Locations not in the Employment Area
 - b. Locations not zoned Industrial or Commercial, or in a Utility Corridor
 - c. Jean Augustine District Park only – within 100m of lands zoned residential and more than 2 ground signs on the Bathurst St frontage.
4. THAT Council delegate signing authority to the City Manager to award a term of Contract that exceeds ten (10) years, execute the land-lease agreements referred to in Recommendations 1 and 2, and any amendments related to those land-lease agreements, as the City Manager deems necessary, and to the satisfaction of Legal Services.
5. THAT Council directs staff to renegotiate, where possible, the current RCC Media Inc. Dynamic Digital Sign Network Agreement, and the Market Lane Holdings Inc. License Agreement and corresponding TRCA land management agreement, to update and monetize the existing billboards, and to report back to Council with the results of the renegotiation and to request further direction no later than the end of Q2 2024.

Background

Economic Development supports City-Wide alternative revenue generation.

The Alternative Revenue-Generating program within the Strategic Economic Initiatives business unit in Economic Development focuses on three priority areas: city-wide grant support, revenue-generating asset development, and internal program development.

Phase 1: Council approved three (3) Digital Billboards that went live on January 1, 2022, with a minimum of \$6,075,000 cumulative revenue over 15 years.

The three sites that began operation in January 2022 are as follows:

1. Joint Operations Centre, 2800 Rutherford Road
2. Highway 7 and Keele Street
3. Bathurst Street and Queen Filomena Drive

Phase 2: Staff obtained conditional approval on four (4) additional sites subject to proceed after Phase 1 is complete and pending public consultation.

Public engagement was conducted on the following four sites:

1. Maple Reservoir Park, 10588 Keele St
2. Al Palladini Community Centre, 9201 Islington Ave
3. Rainbow Creek Park, 5450 Highway 7
4. Bathurst District Park, 101 Westmount Blvd

Economic Development in partnership with the City's Stakeholder and Community Engagement team selected Maximum City, through a competitive process through the City's Vendor of Record for engagement consultants, to facilitate and report back on a stakeholder and public engagement process in support of the Phase 2 digital billboard sites.

The approach to public consultation was based on thorough stakeholder mapping for each location and included outreach to Members of Council, internal City departments, local residents, other stakeholders (including York Region and York Regional Police, among others), technical/industry experts, and local ratepayer associations. The project team's objective throughout the consultation process was to ensure the final research and recommendations considered all factors, thereby aligning with and reflecting the

communities' needs while thoughtfully weighing expert analysis, environmental considerations, economic benefits, and industry trends.

Public consultation tactics included one-on-one interviews and discussions, site visits, four in-person open houses, a public online Q and A forum, and a comprehensive direct-mail notice to selected postal codes surrounding each billboard location and covering a generous radius to ensure comprehensive outreach to the community.

Crafting a compelling and fulsome narrative was also a pivotal piece of the consultation strategy, extending beyond an immediate focus on digital billboards to offer residents a comprehensive understanding of alternative revenue generation. Recognizing the importance of context, educational efforts also included the City's budget and narrowed in on the various alternative revenue streams already activated. By weaving a narrative that extends beyond billboards, the project team sought to enlighten residents about the broader spectrum of initiatives contributing to the City's fiscal resilience. This narrative not only detailed the process of implementing digital billboards but also underscored the tangible benefits derived from these diversified revenue streams, illustrating the positive impact on the community, and reinforcing the City's commitment to financial innovation and maintaining one of the lowest property tax rates in the GTA.

A detailed engagement summary report detailing the input and insights collected can be found in Attachment 2.

Phase 3a: Additional revenue-generating digital billboard locations.

Simultaneously, as staff worked with the public consultation consultant on Phase 2, Phase 3 was initiated by issuing a Request for Information (RFI) for new locations as part of the industry consultation process. The RFI was issued in March 2023 and there were six responses from industry representatives. The purpose of the request for information was to allow the industry to not only share information and feedback on the four sites going to public consultation but also asked the industry if there were any additional site locations within the parameters of the City's Sign By-Law on city-owned land that we should take into further consideration. Overall, the responses were positive citing minor concerns regarding utility connections and tree removal which will be taken into consideration during the RFP process and mitigated accordingly.

Phase 3b: Updating and potentially monetizing the City's existing inventory.

In 2015, the City of Vaughan entered into a fifteen-year Dynamic Digital Sign Network Agreement with RCC Media Inc. (2015-2030) that includes ten (10) 4x7 digital signs that

were provided to the City for community messaging, eight (8) CN railway overpasses with Vaughan's corporate logo beside a digital screen for third-party advertising, and seven (7) double-sided large format digital billboards that also include city messaging and third-party advertising.

Currently, none of the sign locations within the RCC Media Inc. Agreement generate revenue for the City of Vaughan. The digital signs were provided to the City and the bridges and digital billboards are on private property therefore provide in-kind value for city messaging but no additional revenue.

Previous Council direction (June 16, 2020, Committee of the Whole) has been given to staff to increase the size of the digital signs and at the time, the work was quoted at upwards of one million dollars. With the authority to explore monetizing the existing inventory by permitting RCC Media Inc. to sell third-party advertising, the charge to the City will be nil and the revenue generated will allow RCC Media Inc. to recuperate their capital investment while benefiting the City via revenue-share agreement with the city.

Previous Reports/Authority

[Digital Billboard Revenue Program, CW \(1\) Feb 7, 2023](#)

[Billboard Revenue Update, CW \(2\) June 8, 2021](#)

[Dynamic Digital Signs at City Facilities, CW \(Working Session\), May 21, 2014](#)

Analysis and Options

Phase 2: Using Phase 1 as a precedent, the four sites that recently went to public consultation have the potential to generate approximately \$8 million in unencumbered revenue over the next 15 years.

The industry and stakeholder feedback were overall positive with each of the four sites evaluated for suitability for a digital billboard. Through the industry consultation process, some challenges were identified related to tree removal to clear sight lines, access to power from nearby utilities and low traffic in certain areas that will impact revenue potential. Through the RFP procurement process, staff will address those concerns and the awarded vendor will be responsible for mitigating the impact on the city's property and seek all necessary approvals to begin construction.

Phase 3a could see an additional four (4) locations.

The RFI not only asked digital sign companies to provide technical feedback on various elements of Phase 2, per site but also to identify additional sites for construction to inform Phase 3a.

As a result, staff created an internal Digital Billboard Working Group made up of various departments that meet quarterly and play a key role in selecting the potential sites that are ultimately put forward for recommendation to Council. Their institutional knowledge, technical expertise and review of potential sites ensure the best areas within the City are identified for ideal placement that will not interfere with current and future City operations. The feedback they provide along with the information collected in the RFI will provide a framework for the RFP to ensure the successful sign vendor is aware of any special considerations for each site as well as the necessity to work and consult with City staff during the planning and implementation stages of each phase of the project.

The Working Group has completed their review of Phase 3a and staff are seeking Council approval to proceed to engage Legal, Procurement and Financial Services to issue an RFP for the following four (4) additional sites:

- Sonoma Heights Community Park, 100 Sunset Ridge (Ward 2)
- Woodbridge Yard, 4630 Langstaff Rd (Ward 2)
- Vaughan Grove Sports Park, 7401 Martin Grove Rd (Ward 2)
- Maple Nature Reserve, 10401 Dufferin St (Ward 1)

Given that a third party will be constructing the digital billboards and projecting the content, any exemptions to the sign by-law will be subject to conditions set out by the City in the proposed agreement that will be entered into with the successful vendor to the City's request for proposal. Staff are of the opinion that the agreement should keep with the purpose and intent of the sign by-law with certain exemptions as per recommendation #4 to Council and Council direction.

Phase 3b examines the possibility of monetizing existing inventory.

There were ten (10) blue signs provided to the City in our existing agreement along with eight bridge locations of which only five (5) are installed and seven billboard locations of which six (6) are in place. This leaves unused inventory promised to RCC media at the onset of our agreement and outdated existing inventory therefore the need to improve the visibility and functionality of the signage is critical at this time. Staff recommend that Council give authority to renegotiate the existing agreement and explore ways to upgrade and monetize the partnership.

Financial Impact

Phase 1 revenue has been allocated to reimburse the Innovation Reserve from which the office was founded in Economic Development, less the annual operating costs of one full-time employee (FTE). If approved, the eight new locations in Phase 2 and 3a have the potential to generate approximately \$16 million in unencumbered revenue over the next 15 years through the annual budget process.

Operational Impact

Various departments have been consulted given the impact this project has on the corporation. After the success of Phase 1, Economic Development formed a Digital Billboard Working Group made up of the following departments to vet potential future locations, provide their technical expertise and identify challenges and opportunities for each potential new location recommended by the industry for consideration:

- Buildings Standards – to review proposed locations to meet the Sign Bylaw
- Bylaw and Compliance, Licensing and Permit Services – to review locations as they pertain to Sign Bylaw
- Real Estate – to identify site ownership, future development, and regional implications.
- Parks Infrastructure Planning and Development – to identify the potential impact on surrounding areas and future development.
- Parks, Forestry, and Horticulture Operations – to identify the impact on operations and advise on tree removal procedures if required.
- Development Planning – to advise on urban design process and approvals as well as future planning and development.
- Corporate and Strategic Communications – to be informed regarding the expansion of the digital sign network as an additional communication channel and advised on technical matters, display and programming issues.
- Infrastructure Planning and Corporate Asset Management – to be consulted on matters of transportation, safety, and road allowances.
- Recreation Services – to inform the city-messaging and advertising content.

Broader Regional Impacts/Considerations

York Region has jurisdiction over regional roads and was consulted during the industry consultation phase of this project as it relates to the location of the four sites in Phase 2 (see Attachment 2, Maximum City). In addition to the Region, other key stakeholders such as Alectra, York Regional Police, York Region Catholic and Public-School Boards, the TRCA and partners in the digital billboard industry were consulted for their feedback which is captured in the consultant's report attached. Of note, all road construction requirements shall be part of the approval process during the implementation phase of the work however the Region of York respects local municipal decisions to place

advertising signs on City property.

Conclusion

Digital billboards represent a viable, unencumbered revenue stream for the City of Vaughan that alleviates the burden on the tax base. With the approval of an additional eight locations, more than \$16 million may be allocated to City programs and services over the next 15 years through the annual budget process.

For more information, please contact Cristina Prinzo at Cristina.prinzo@vaughan.ca or Raphael Costa Raphael.costa@vaughan.ca.

Attachments

1. Public Q&A Summary, *Stakeholder and Community Engagement*, October 2023
2. Stakeholder and Public Engagement Report, *Maximum City*, November 2023
3. Digital Billboard Presentation, *Economic Development*, November 2023

Prepared by

Cristina Prinzo, Program Manager, Municipal Partnerships and Corporate Initiatives

Approved by

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a long horizontal line extending to the right.

Nick Spensieri, City Manager