
Request to Tender and Award Billboard Locations for Licence along Circle Drive South and Inquiry – Councillor P. Lorje (May 5, 2014) – Billboards along Circle Drive and Other High-Speed Roadways

Recommendation

That the Standing Policy Committee on Finance recommend to City Council:

1. That the Administration be authorized to tender four billboard locations for licence along Circle Drive in the Southwest Industrial area, as outlined in this report; and
2. That upon closing of the tender, the City Solicitor be requested to prepare the appropriate licence agreements, and that His Worship the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

Topic and Purpose

The purpose of this report is to obtain City Council approval to tender and award four billboard locations for licence along Circle Drive in the Southwest Industrial area. This report also provides information regarding the use of billboard revenues to improve public space, as requested by former Councillor P. Lorje.

Report Highlights

1. Annual licence revenues from billboards located on City of Saskatoon (City) owned land are deposited into general revenues.
2. Permits for these billboard locations have been approved, as they conform to the Sign Regulations in the City's Zoning Bylaw.
3. Given the past and current interest in these locations by billboard advertising companies, issuing a tender for the locations is transparent and competitive.
4. The Administration recommends following the current practice of allocating revenue generated from billboard leases as general revenue for the benefit of all citizens.

Strategic Goal

This report supports the long-term strategy of increasing revenue sources and reducing reliance on residential property taxes under the Strategic Goal of Asset and Financial Sustainability.

Background

As a result of the alignment and final survey of the Circle Drive South roadway project, a number of City-owned parcels remain that are ideal for billboards, given the location.

At its September 3, 2013 meeting, the former Planning and Operations Committee resolved that consideration of the matter of the placement of any billboards on City-owned property along Circle Drive South be deferred for a minimum of one year.

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Since then, billboards have been erected on nearby, privately held lands, thereby resulting in five of the original locations no longer being suitable due to required separation distances. Currently, there are four City-owned properties that remain suitable for billboards along Circle Drive South.

At its October 27, 2014 meeting, when considering a report of the General Manager, Community Services Department, in response to former Councillor P. Lorje's inquiry regarding billboards along Circle Drive and other similar high-speed roadways, City Council resolved that the matter be referred to the Administration to report back regarding linking billboard revenues to improving public space and review of how revenues are generated.

Report

Billboard Revenues

It is estimated that revenues from the four billboard locations shown on Attachment 1 would be approximately \$40,000 per year. These revenues would be deposited into general revenues which is the current accounting method.

Sign Regulations Section of the City's Zoning Bylaw

Real Estate Services has submitted applications to the Planning and Development Division for approval to place billboards at the four locations as shown on Attachment 1. Planning and Development has reviewed the four locations and has provided its approval, pending City Council approval. It is possible that some or all of these billboard locations could be digital signs, as allowed under the Sign Regulations section in the City's Zoning Bylaw.

Given the previous concerns and discussions that occurred in 2013 regarding the potential for billboards along Circle Drive South on City-owned land, the Administration is seeking pre-tender approval regarding this potential revenue-generating matter.

Issuing a Tender is Transparent and Competitive

The City has received interest from a number of advertising companies wishing to locate billboards along Circle Drive South in this area. The Administration is proposing to issue a tender for the four locations as a single package, anticipating this approach will garner the best price for the City and allow for a coordinated marketing approach for the advertising company. Significant terms of the tender/license would be:

- 10-year licence term;
- Yearly licence fee increase of 2% per billboard location;
- City would be responsible for any property taxes;
- Licencee would pay for the installation and any ongoing maintenance of the billboard structures;
- Option to renew for additional terms—subject to review of licence fee;
- Licence agreements would be for each sign location and would be transferable as some of these City-owned lands will be sold in the near future; and
- 2-year termination notice by either party.

Generation of Billboard Revenues and Public Space Improvements

The principle currently being followed for billboard revenues is that revenue is being generated from the ownership of City land, and therefore, all citizens should benefit since general revenue helps reduce the mill rate. City Council could choose to reallocate billboard revenue as suggested to improve public spaces, however, consideration needs to be given to the impact of the decision such as:

- service level changes to support increased expenditures to public spaces; and
- the amount of property tax that would be required to back-fill the reallocated revenue.

The Administration recommends following the principle of providing the benefit to all citizens through a reduction of the mill rate by having revenue flow into the general coffers. In light of the trend of decreasing non-tax revenue, following this principle and current practice would also help minimize the impact to the mill rate.

Options to the Recommendation

Option 1: City Council can choose to issue individual tenders and subsequent licences for each location shown on Attachment 1. It is anticipated this approach would result in a lower total overall bid price; therefore, the Administration does not recommend this option.

Option 2: City Council can choose not to approve issuing a tender and subsequent licences for the billboard locations shown on Attachment 1. The Administration does not recommend this option, as the City would forego a significant source of revenue and billboards would eventually be situated on nearby, non-City-owned lands, similar to what occurred in 2013.

In regard to the reallocation of billboard revenue, City Council can choose to reallocate all billboard revenue to any other dedicated purpose. The total impact of this decision would be \$120,000, including the approval of new licensing included in the report.

Financial Implications

Establishing licence agreements for billboard structures in the proposed locations could contribute annual funds in the range of \$40,000 to the City's general revenues.

In the case where a billboard structure would be located on a parcel that will be sold in the future, it is anticipated that having a billboard structure and licence in place would increase the value of the parcel as the revenue source would be transferable. Alternatively, the City could sell a property with a billboard licence in place and specify in the land sale agreement that the billboard revenue would remain with the City.

Public and/or Stakeholder Involvement

Discussions have taken place with the City's Planning and Development Division, which oversees billboards to ensure sign locations and sign characteristics comply with the Zoning Bylaw.

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Discussions have occurred with various billboard advertising companies which have indicated interest in these locations.

Upon closing of a tender for the licence of these locations for billboards, the successful advertising company would need to receive final detailed permit approval from the Planning and Development Division for the installation and billboard type and location.

Should a tender be issued, it will be posted on SaskTenders, and the local billboard advertising companies will be contacted to ensure they are aware of the tender.

Other Considerations/Implications

There are no financial, environmental, privacy, or CPTED implications or considerations, and a communication plan is not required.

Due Date for Follow-up and/or Project Completion

There is no due date for follow-up and/or project completion.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment

1. Proposed Billboard Location on City Land along Circle Drive South

Report Approval

Written by: Scott McCaig, Real Estate Services
Reviewed by: Keith Pfeil, Manager, Real Estate Services
Frank Long, Director of Saskatoon Land
Approved by: Clae Hack, Acting General Manager, Asset & Financial
Management Department

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