



City of Port Moody

Report/Recommendation to Council

Date: September 25, 2019
Submitted by: Engineering and Operations Department – Project Delivery Services Division
Subject: Sign Bylaw Amendment

Purpose

To present proposed amendments to Sign Bylaw No. 2403 to support the installation of digital billboards on City property as authorized by the City.

Recommended Resolution(s)

THAT City of Port Moody Sign Bylaw, 1998, No. 2403, Amendment Bylaw No. 10, 2019, No. 3211 be read a first time as recommended in the report dated September 25, 2019 from the Engineering and Operations Department – Project Delivery Services Division regarding Sign Bylaw Amendment.

THAT Bylaw No. 3211 be read a second time.

THAT Bylaw No. 3211 be read a third time.

Background

At the Closed Council meeting held on June 25, 2019, Council considered an on-table report dated June 25, 2019 from the Engineering and Operations Department – Engineering Division regarding Digital Billboard Advertising and passed the following resolution:

CC19/151

THAT staff be directed to enter into a 25-year revenue sharing agreement with Pattison Outdoor Advertising for two locations – at the City-owned former landfill site on the Barnet Highway and at the intersection of Barnet Highway and Ioco Road – as recommended in the report dated June 21, 2019 from the Engineering and Operations Department regarding Digital Billboard Advertising – Request for Proposal Results;

AND THAT staff be directed to report back to Council with amendments to the Sign Bylaw required to support large format billboard advertising.

Council released resolution CC19/151 at the Closed Council meeting held on September 17, 2019

Staff have proceeded with negotiations with the leading proponent Pattison Outdoor Advertising (POA) and have received revised proposals for installing two advertising digital billboards on City property. The agreement would provide the City a percentage of revenue generated by the billboard advertising. The agreement with POA is subject to Council approval and pending approval of the sign bylaw amendment to allow digital billboards.

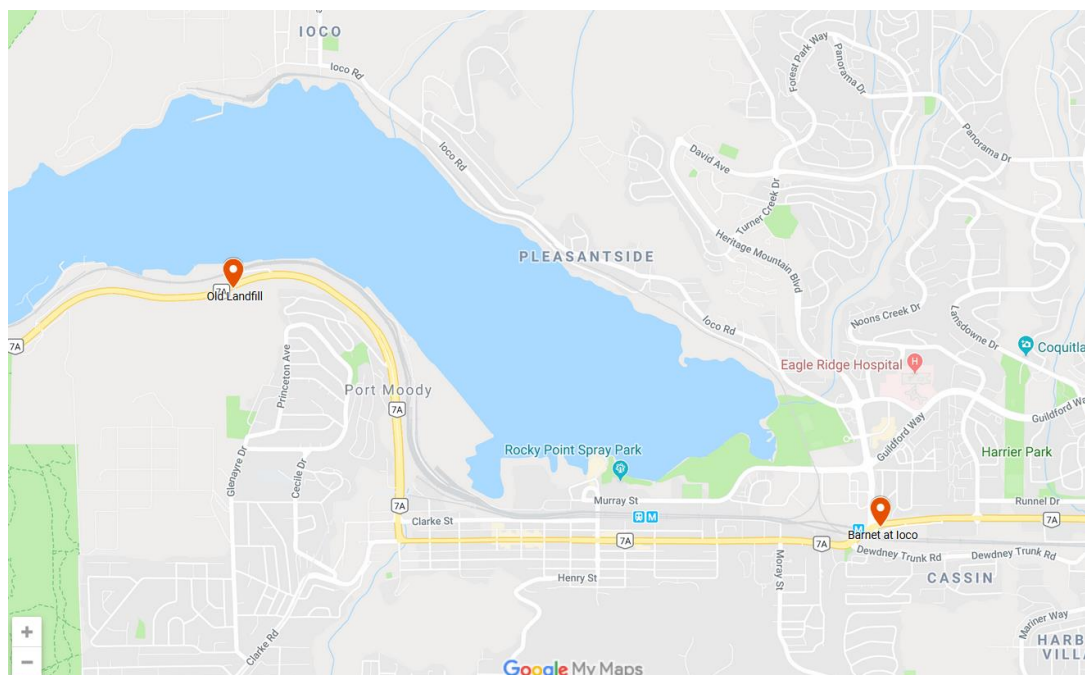
This report pertains to the recommendations to consider updating Sign Bylaw No. 2403 to allow installation of digital billboards on City property for the purpose of revenue generation based on billboard advertising.

Discussion

The location of City of Port Moody, at the eastern arm of Burrard Inlet, has heavily-travelled commuting routes that have strong advertising exposure and impression potential. From a billboard advertising perspective, the City benefits from the border markets of neighbouring Burnaby and Coquitlam. A study by media consultancy indicates that this border value based on commuting traffic creates potential advertising revenue from digital billboards.

Based on consultant recommendations and Council approval, two City-owned locations were identified as potential billboard sites:

1. Barnet Highway (Port Moody Old Landfill Site); and
2. Barnet Highway and Ioco Road.



Benefits of the Proposed Agreement to the City

Through a selected Request-for-Proposal process, staff proceeded to negotiate with the leading proponent Pattison Outdoor Advertising (POA). The benefits to the City of the proposed agreement are summarized as follows:

- annual revenue stream based on a minimum guaranteed per year for 25 years (details shown in Financial Implications section of the report);
- additional revenue to the City annually based on advertising revenue at each billboard location (details shown in Financial Implications section of the report);
- one-time bonus paid to the City \$300,000 per billboard upon billboard illumination;
- one out of every 10 (10%) advertising time slots will be provided to the City free of charge that may be used for messaging City events, Community events, City notices, and City construction notification;
- emergency messages and Amber Alerts will also be provided free of charge over and above the 10% commitment; and
- minimum 20% discount for Port Moody businesses to advertise on these billboards.

Proposed Billboard Details

- 10' high x 35' wide double-sided screen at each location, each screen facing opposite directions;
- illumination levels follows industry standards, different for daytime and nighttime, brightness controlled by ambient light sensors;
- advertising will have no animation or full motion video;
- no cost to the City in the design, construction, and maintenance of the billboards (all costs are borne by POA);
- each billboard screen will be replaced twice during the life of the contract at POA's cost; and
- billboard structure will be in approved Port Moody colours.

Staff estimate that the value of providing City public notices to be approximately \$180,000 annually for each billboard.

Sign Bylaw Amendment

To enable the implementation of this project, the Sign Bylaw needs to be updated. An amendment to Sign Bylaw, 1998, No. 2403 (Attachment 1) seeks to include sections of the Bylaw related to allowing the City to erect advertising digital billboards on City property. These inclusions include the definition of a digital billboard and the inclusion of language to allow only the City to install digital billboards on City property.

The Schedule shown in the Bylaw amendment show the two locations as approved by Council for billboard installation on City property. Any additional locations proposed in the future requires Council approval through the Bylaw amendment process.

With the proposed amendments, only the City or its agent would be authorized to install advertising digital billboards in locations as permitted per the amended Bylaw. Installation of advertising digital billboards by others in any location or by the City in locations not identified in the Bylaw would not be permitted.

Other Option(s)

THAT Council provide alternate direction to staff or modify the billboard locations as outlined in the Schedule of Amendment Bylaw No. 10, 2019, No. 3211.

THAT the proposed amendments to Bylaw No. 2403 not be adopted.

Financial Implications

The bylaw amendment would enable the City to enter into a revenue sharing agreement with POA to facilitate the installation of digital billboards. The City would obtain a percentage of revenue based on the amount of advertising sold on the billboards. There is a minimum guarantee that is paid to the City regardless of how much advertising is sold.

Over the 25-year term of the contract, the City will be paid an Annual Net Revenue share percentage as shown in Table 1.

Table 1
10'x35' Digital Billboard (each location)

	% Revenue Share to City	Total Estimated Revenue to City	Minimum Guaranteed Revenue to City
One-time Signing Bonus (Year 1)		\$300,000	\$300,000
Average Annual Revenue (including Signing Bonus)	45%	\$590,348 per year	\$377,000 per year
Total Revenue over 25-year term		\$14,758,705	\$9,125,000

The estimated revenue over the 25-year contract for each 10'x35' double-sided billboard is \$14,758,705, of which \$9,125,000 is guaranteed, plus a one-time \$300,000 signing bonus. Based on advertising projections, POA estimates that the City could earn \$590,348 annually based on the City obtaining a 45% share of the ad revenue. The City will collect the higher of: a) the revenue from 45% ad share or b) the minimum guarantee averaging approximately \$377,000 per year.

Taking both billboard locations into account, it is estimated that the City will earn \$30.1 million over the 25-year term, \$18.8 million of which is guaranteed. For clarity, the \$30.1 million depends on ad revenue which is subject to market conditions, but the \$18.8 million is the minimum POA has guaranteed to the City in the contract.

The total value of the agreement is summarized below, and is also expressed in today's dollars.

Revenue	Billboard 1	Billboard 2	Total
Estimated Revenue over term	\$15,058,705	\$15,058,705	\$30,117,410
Estimated Revenue in Today's Dollars (2% discount rate)	\$11,936,552	\$11,936,552	\$23,873,104
Minimum Guaranteed Revenue over term	\$9,425,000	\$9,425,000	\$18,850,000
Minimum Guaranteed Revenue in Today's Dollars (2% discount rate)	\$7,490,046	\$7,490,046	\$14,980,093

Communications and Civic Engagement Initiatives

If the Sign Bylaw amendments are adopted, staff will finalize the agreement with POA and begin implementation. The City would provide notices to neighbouring businesses and residents affected by the billboard installations, following the City's standard process for capital project execution.

Council Strategic Plan Objectives

The proposed Bylaw amendments aligns with Council's 2019-2022 Strategic Plan pillar of Economic Prosperity, specifically to foster an environment where businesses can thrive and good local jobs abound, and ensure Port Moody's economy and the City's financial position are sustainable.

Attachment(s)

1. Draft City of Port Moody Sign Bylaw, 1998, No. 2403, Amendment Bylaw No. 10, 2019, No. 3211.

Report Author

Kim Law, P.Eng.

Manager of Project Delivery Services

Report Approval Details

Document Title:	Sign Bylaw Amendment.docx
Attachments:	- Amendment Bylaw No. 3211.docx
Final Approval Date:	Oct 1, 2019

This report and all of its attachments were approved and signed as outlined below:

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