



**STAFF REPORT
ACTION REQUIRED**

Management Services for Outdoor Advertising on City of Toronto Properties

Date:	January 13, 2012
To:	Government Management Committee
From:	Chief Corporate Officer
Wards:	ALL
Reference Number:	P:\2011\Internal Services\Re\Gm12007re (AFS#14942)

SUMMARY

Real Estate Services continues to seek new opportunities to monetize City properties and develop long term revenue streams. To this end Real Estate Services seeks approval to invite vendors to submit proposals for the exclusive right to evaluate and develop a management plan for the City's outdoor advertising portfolio (billboards, columns, etc.) on the City of Toronto properties including those listed in Appendix A ("Portfolio"). The required management services would include consulting, planning and negotiation services for existing and potential outdoor advertising opportunities.

The City of Toronto's Portfolio would be best managed by a vendor whose core business focuses on the outdoor advertising industry. This expertise would assist in the identification of improvements to the City's portfolio that would maximize its revenue generation for the City and diminish its visual impact on the public realm.

RECOMMENDATIONS

The Chief Corporate Officer recommends that:

1. Authority be granted to Real Estate Services to issue a Request for Proposals, on terms and conditions satisfactory to the Director of Real Estate Services and the Acting Director, Purchasing and Materials Management, to retain a qualified proponent to evaluate the City's portfolio and potential outdoor billboard sign

- opportunities on other City of Toronto properties and for the development of a strategic plan to manage and market the portfolio, including the negotiation of agreements with third party sign operators on behalf of the City, for a term of up to 5 years, subject to City approval.
2. The Director of Real Estate be given authority to select and execute an agreement with the successful vendor with a term of up to 5 years.
 3. The 2012 Approved Operating Budget for Facilities Management and Real Estate be increased by \$150,000 gross, \$0 net, fully funded by increased outdoor advertising revenue.

Financial Impact

It is anticipated that the cost of these services will be \$150,000 per year and the expected revenue increase will be \$150,000 per year.

The selection of a vendor will be contingent on their realistic projection of sufficient new revenue to offset the cost of the services the vendor will provide.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

The City's Real Estate Services Division currently manages a portfolio of approximately 57 Third Party Signboards located on various City-owned properties. Most of the licence agreements associated with these Signboard sites have been in place for some time and have not been renegotiated, resulting in a number of overholding tenancies.

Real Estate Services therefore wishes to retain a Vendor (with no corporate affiliation to signboard Operators) that has expertise in the management of Third Party Signboards in order to rationalize and optimize revenue from the existing inventory.

COMMENTS

The selection of a Vendor to manage the Portfolio is intended to generate new Operating Budget revenues from 2012 onwards. These locations currently generate annual revenue in the amount of approximately \$137,000 and this revenue should be improved as a result of the services to be provided by the successful proponent. The projected revenue is anticipated to increase by a minimum of \$150,000. The 2013 budget submission for Facilities Management and Real Estate will reflect firmer estimates.

Retaining an experienced vendor would provide assistance to the City to undertake the following:

1. Determine the potential value of the Portfolio and develop a strategy to maximize the value of the Portfolio based on industry specific knowledge and increased rental revenue while diminishing its impact on the public realm.
2. Implement, where requested by the Director of Real Estate Services, a business plan to market the Portfolio to companies in the Outdoor Advertising Industry to garner quality bids for the operation of individual sites and recommend the award of contracts for the approval by the Director of Real Estate Services or City Council, where required.
3. On any other City Properties negotiate Third Party Signboard Agreements on the City's behalf as directed by the Director of Real Estate Services.

The RFP will require proponents to provide a valuation of the Portfolio and provide a strategic plan to market and manage the City's portfolio. The vendor will be assessed on their:

- Project Management Experience
- Project Team Experience
- Proposed Approach
- Completeness of the Proposal
- Schedule
- And Cost

The object of the evaluation and selection process is to identify the Proposals that offer the best value for the services requested. If a winning bid is chosen the contract for the successful Vendor would have an initial term for up to five years. At the end of the 5 year term staff would conduct an evaluation of the work rendered by the Vendor and submit a report to Council with recommendations on whether the management of the portfolio should be continued with the issuance of a subsequent RFP or renewal of the agreement.

It will be a term of the RFP and any subsequent agreement that all signs and sign locations in the Portfolio will be subject to all necessary municipal approvals, including the necessary approvals under the current City of Toronto sign by-law.

Selection of a suitable vendor will provide an opportunity to maximize revenue from signage permitted on City of Toronto property while diminishing the impact on the public realm.

CONTACT

Joe Casali
Director, Real Estate Services
Tel: (416) 392-7202
Fax: (416) 392-1880
jcasali@toronto.ca

SIGNATURE

Bruce Bowes, P. Eng.
Chief Corporate Officer

ATTACHMENTS

Appendix A – City of Toronto Third Party Signboard Inventory