

REPORT FOR ACTION

Technical Amendments of Outdoor Billboard Agreement - 2 Strachan Avenue

Date: September 14, 2017
To: The Board of Governors of Exhibition Place
From: Dianne Young, Chief Executive Officer
Wards: Wards 14 & 19

SUMMARY

This report recommends amendments to the existing agreement between the Board and Astral Media Outdoor LP ("Astral") dated July 1, 2010 (the "Billboard Agreement") for the 2 Strachan outdoor billboard sign (the "Sign"), following the action of City Council as detailed below.

At its meeting of September 4, 2015 the Board authorized Metromedia (now Astral) to apply to the City for permissions to modify both east and west sides of the Sign. At its meeting of July 4, 5, 6 and 7, 2017 City Council approved the application to amend Section 2K of Schedule 'B' of Municipal Code Chapter 694, Signs, General to implement a new area-specific amendment to display a third party electronic sign.

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board approve the amendments to the existing agreement with Astral Media Outdoor LP dated July 1, 2010 for the 2 Strachan outdoor billboard sign, as set out in Appendix A to this report, to reflect City Council's decision of July 4, 5, 6, and 7, 2017 [Item PG21.9].

FINANCIAL IMPACT

Amendment of the Billboard Agreement with the digital format and the improved functioning of the Sign for the balance of the term to June 2025 will result in a positive financial impact to the Board of approximately \$964,000 in additional fees.

In addition there are additional in-kind benefits estimated to be approximately \$117,000 annually. It is also estimated that percentage participation rent would increase by approximately \$1.0M over the remaining Term period as a result of the additional revenue earned from the new digital sign face.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan had a Financial Goal to maintain a positive operating financial performance across Exhibition Place and all its businesses and as a Strategy to support this Goal we will seek new and/or expand revenue opportunities within our existing operations.

At its meeting of July 4, 5, 6 and 7, 2017 City Council adopted PG21.9 to enact a site specific amendment to amend Section 2K of Schedule 'B' of the Sign By-law to implement a new area-specific amendment to Chapter 694, Signs, General of the City of Toronto Municipal Code at 2 Strachan Avenue to display a third party electronic in addition to the signage currently permitted.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG21.9>

At its meeting of May 18, 2017 the Board permitted Metromedia CMT Plus Inc. on behalf of the Board to proceed with its application for consideration by the City for an area-specific amendment to Municipal Code Chapter 694 Signs, General and request the Board CEO to communicate the Board's decision to the City Planning and Growth Management Committee for its meeting on May 31, 2017.

<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&meetingId=12454#Meeting-2017.EP3.20>

At its meeting of May 18, 2017 the Board consent to the assignment of the Billboard Agreement from Metromedia CMR Plus Inc. to Astral Media Outdoor LP due to an internal reorganisation of Bell Media Inc.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EP3.17>

At its meeting on January 20, 2017 the Board consented to the assignment of the Agreement to Bell Media Inc. by Cieslok Media Ltd. as a result of the share purchase by Bell of all of the shares of Cieslok.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EP1.3>

At its meeting on September 4, 2015 and then subsequently by Council on October 2, 2015 the Board approved specific amendments to the Agreement with Cieslok.

<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-84460.pdf>

At its meeting of May 23, 2014, the Board consented to the assignment of the Agreement to Cieslok Media Ltd. from Clarity Outdoor Media Inc. ("Clarity").

<Q:\BOG Public\BOG Reports\2014 Reports\May 23\Clarity Assignment-1.doc>

At its meeting of May 25, 2012, the Board approved of amendments to the Agreement to permit modifications to the east and west sides of the sign which amendments were approved by City Council Item EX 21.32 at its meeting of July 11, 2012.

<Q:\BOG Public\BOG Reports\2012 Reports\May 25\Clarity Outdoor Billboard Sign Upgrades Final-1.docx>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.32>

At its meeting of May 29, 2009, the Board approved entering into a 15-year agreement with Clarity for the Sign which agreement was approved by City Council (EX 33.50) at its meeting of August 5, 2009. Subsequently, amendments to the agreement were approved by the Board and Council in January 2010 (EX 39.3) and in August 2010 (EX 46.52).

<Q:\BOG Public\BOG Reports\2009 Reports\May 29\Clarity- Outdoor Strachan Signage.doc>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.50>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX46.52>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.TE32.82>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX39.3>

COMMENTS

Bell Media owns "Astral Out of Home" with a network of more than 30,000 advertising faces in British Columbia, Alberta, Ontario, Québec, and Nova Scotia. Bell Media also operates more than 200 websites; delivers TV Everywhere with its Cravat and GO video streaming services; operates multi-channel network Much Digital Studios; produces live theatrical shows via its partnership with Iconic Entertainment Studios; and owns Dome Productions Inc., a multi-platform production company.

As a result of City Council's recent approval to allow for a new digital configuration on the East Face of the Sign, this report proposes amendments to the Outdoor Billboard Sign Agreement between Astral and the Board to be in line with the Council decision. The proposed amendments are stated in Appendix A to the Report.

CONTACT

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SIGNATURE

Dianne Young
Chief Executive Officer

ATTACHMENTS

Appendix A - Technical Amendments - Terms and Conditions

Appendix B - Terms & Conditions Existing and Proposed East and West Face Sign and Proposed Sign Upgrades

Appendix A
 Technical Amendments - Terms and Conditions

- a) Definitions and Section 2.0 - Amend General Specifications about display areas, to add and permit, height, width, etc to reflect the specifications approved by Council pursuant to Municipal Code Chapter 694, Signs, General as detailed in the "Proposed" column of Appendix "A" to this report;
- b) New Schedule "A - 1" - Add a new Schedule "A-1" to reflect the new configuration for the Sign as approved by Council pursuant to Municipal Code Chapter 694, Signs, General substantially as detailed in the "Proposed" column of Appendix "A" to this report;
- c) Section 5.0 - Amend to provide for free airtime advertising benefits on both sides of the Sign for the Board;
- d) Add a new section to provide for in-kind advertising opportunities on an annual basis on Astral digital inventory in Toronto;
- e) Add a new section to reflect an expenditure of approximately \$1.8M by Astral to build and install the digital sign structure to be completed and be operational no later than January 15, 2018; and
- f) Section 4.2 Annual Fees - Amend in accordance with the additional fees detailed in the chart below. An additional one time lump sum fee of \$75,000 to be paid on the first of the month following the date the new digital sign faces are operational. Base fee increase is to be prorated to the first of the month following the date the new digital sign faces are operational.

Additional Annual Fees - Guarantee				
Contract Year	Contract Year Start Date	Lump Sum Fee Increase	Base Fee Increase	Total Fee Increase
1	01-Jul-10			
2	01-Jul-11			
3	01-Jul-12			
4	01-Jul-13			
5	01-Jul-14			
6	01-Jul-15			
7	01-Jul-16			
8	01-Jul-17	\$ 75,000	\$ 100,000	\$ 175,000
9	01-Jul-18		\$ 103,000	\$ 103,000
10	01-Jul-19		\$ 106,090	\$ 106,090
11	01-Jul-20		\$ 109,273	\$ 109,273
12	01-Jul-21		\$ 112,551	\$ 112,551
13	01-Jul-22		\$ 115,927	\$ 115,927
14	01-Jul-23		\$ 119,405	\$ 119,405
15	01-Jul-24		\$ 122,987	\$ 122,987
		\$ 75,000	\$ 889,233	\$ 964,233

Appendix B

East side: Existing



East side: Proposed



West side: Existing



West side: Proposed



PROPOSED SIGN UPGRADES			
Criteria	Sign face	Existing	Proposed
# of sign faces	East face	3	1
	West face	3	1
Overall permitted sign size (m ²)	East face	242.6	145.7
	West face	250.8	145.7
Sign copy	East face	Mechanical and Electronic Moving	Electronic Static
	West face	Mechanical and Electronic Static	Electronic Static
Hours of operation	East face	24 hrs. per day	16 hrs. per day
	West face	16 hrs. per day	16 hrs. per day
Evening illumination	East face	500 NITs	150 NITs
	West face	500 NITs	150 NITs