

**STAFF REPORT  
ACTION REQUIRED****Coordinated Street Furniture Program - Revenues**

<b>Date:</b>	November 12, 2007
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager, Cluster B and Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	Ts07209bc.top.doc

**SUMMARY**

The City of Toronto and Astral Media Outdoor LP (Astral Media) recently entered a 20-year agreement for the manufacture, supply, installation and ongoing maintenance of a new suite of coordinated street furniture. In addition to the Vendor's responsibilities for capital and maintenance costs of the program, the City will receive a revenue stream over the term of the contract totalling \$428.8 million in the form of an upfront amount and annual minimum payments.

As emphasized by the Roundtable on a Beautiful City in its final report, Toronto must make investment to elevate the quality of its public realm a significant priority to ensure the city's place among the world's great urban centres that are magnets for economic investment and enterprise, talent and visitors. The street furniture revenues provide a significant opportunity to advance these objectives without further impacting on, and in some ways actually alleviating, the City's serious financial realities.

This report proposes a hierarchy of applications for the revenue to advance the City's investment in its public realm and mechanism for managing the funds, including establishment of a new "Public Realm" reserve fund.

**RECOMMENDATIONS**

**The Deputy City Manager and Chief Financial Officer and Deputy City Manager, Cluster B, recommend that City Council:**

1. Endorse in principle the use of revenues from the street furniture contract with Astral Media in accordance with the following hierarchy:
  - a. Funding the establishment and operation of the Public Realm unit, including management and administration of the street furniture program;
  - b. Maintenance of existing net revenue streams as required by Transportation Services to replace revenue from the previous transit shelter contract that expired in August 2007; and
  - c. Disposition of net revenues for initiatives that will deliver enhanced streetscaping, neighbourhood beautification and other physical public realm improvements within the City's road allowances, in connection with annual capital and operating programs;
2. Establish a discretionary reserve fund called the "Public Realm Reserve Fund," to receive revenues from the street furniture contract, which is to provide funds for:
  - a. The management and administration of the street furniture program and public realm;
  - b. Maintenance of existing net revenue streams as required by Transportation Services to replace revenue from the previous transit shelter contract; and
  - c. Initiatives that will deliver enhanced streetscaping, neighbourhood beautification and other physical public realm improvements within the City's road allowances in connection with annual capital and operating programs;
3. Amend Municipal Code Chapter 227 – Reserves and Reserve Funds – by adding the "Public Realm Reserve Fund" to Schedule No. 5 State of Good Repair Discretionary Reserve Fund;
4. Increase the 2008 Capital Budget for City Planning in the amount of \$100,000 gross for a Design Links study funded by the contribution from Astra Media Outdoor LP;
5. Deposit the first payment from Astral Media consisting of the \$28,000,000 upfront payment and the first three year annual prepayment of \$8,500,000 into the Public Realm Reserve Fund;
6. Transfer \$1,700,000 from the Public Realm Reserve Fund to the Transportation Service 2007 Operating Budget in the following revenue accounts; TP0292 (\$884,000); TP0183 (\$221,000); TP0210 (\$306,000); and TP0237 (\$289,000) to replace the income lost in 2007 by the expiry of the transit shelter contract in August 2007, thereby achieving the budgeted 2007 Transportation Services \$5,000,000 revenue from street furniture proceeds and authorize \$5,200,000 gross, \$0 net - in 2008 and thereafter subject to increases by inflation as may be appropriate;

7. Increase the 2007 Transportation Services Operating Budget by \$193,000 gross, \$0 net – for the 2007 start-up of the Public Realm Office to manage the street furniture contract; and authorize amounts of up to \$3,598,000 in 2008 and \$5,505,000 in 2009 funded from the Public Realm Reserve Fund subject to the General Manager submitting a Business Case in conjunction with the 2008 budget process;
8. That the development and implementation of harmonized City-wide Sign By-law be accelerated to begin in 2007 and that the total cost of \$943,000 be funded by the Public Realm Reserve Fund;
9. The 2007 City Buildings Operating Budget be increased by \$27,000 gross, \$0 net – to initiate accelerated development and implementation of a harmonized City-wide Sign By-law; and authorize amounts of up to \$678,000 and \$238,000 in the Division's 2008 and 2009 Operating Budgets, respectively for this purpose; funded from the Public Realm Reserve Fund;
10. Any funds expended by City Buildings funded from the Public Realm Reserve Fund for the accelerated development and implementation of a harmonized Sign By-law be paid back to the Fund from proceeds generated by new tax and/or fee regime applied to signs and/or billboards;
11. Refer the following additional provisions funded from the Public Realm Reserve Fund to the 2008 Operating Budget process:
  - i. Augmented maintenance of street trees on main and commercial streets – up to \$700,000;
  - ii. The development and maintenance of tourist information and wayfinding signage strategies in connection with the info pillar element of the Street Furniture Program – up to \$300,000, subject to the Executive Director, Tourism, submitting a business case in conjunction with the 2008 budget process; and
  - iii. Clean and Beautiful City initiatives including administration, Ward-based community projects/demonstration projects and remaining instalment to cover orphan space maintenance – up to \$1,699,000.

### **Financial Impact**

The City has entered into an agreement with Astral Media for the supply of street furniture for a twenty year period starting in September 2007. The City has received \$36,500,000 from Astral Media as a first payment from this contract, \$100,000 to fund a Design Links Study as well as \$285,000 to recover the cost of the RFP. The allocation of initial payment of \$36,500,000 is detailed in the following chart;

<b>Expenses</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
Transportation Services					
Public Realm Office	\$193,000	\$3,598,000	\$5,505,000	\$3,743,000	\$13,039,000
Revenue Restoration	\$1,700,000	\$5,200,000	\$5,304,000	\$3,607,000	\$15,811,000
Clean and Beautiful City		\$1,699,000	\$1,741,000	\$1,190,000	\$4,630,000
Sign By-Law					
Development	\$27,000	\$678,000	\$238,000		\$943,000
Repayment			(\$400,000)	(\$543,000)	(\$943,000)
Urban Tree Maintenance		\$700,000	\$718,000	\$490,000	\$1,908,000
Info Pillars and Wayfinding		\$300,000	\$307,000	\$210,000	\$817,000
<b>Total</b>	<b>\$1,920,000</b>	<b>\$12,175,000</b>	<b>\$13,413,000</b>	<b>\$8,697,000</b>	<b>\$36,205,000</b>

This report is recommending that \$1,920,000 of this amount be allocated to: Transportation Services (\$1,893,000) to ensure that Transportation Services meets its 2007 revenue target of \$5,000,000 from street furniture contracts (\$1,700,000) and the start up of the Public Realm Office (\$193,000); and to City Buildings (\$27,000) to accelerate development and implementation of a harmonized Sign By-law. As well, from this payment, funding up to \$12,175,000 for: Transportation Services (\$8,798,000); urban tree maintenance (\$700,000); info pillar and wayfinding development (\$300,000); City Buildings (\$678,000) and Clean and Beautiful City (1,699,000); is being referred to the 2008 operating budget process. Attachment 1 provides the projected funding requirements for the first three years of the contract. It is recommended that the \$100,000 secured in the RFP process for the specific purpose be allocated to fund a Design Links Study and increase the 2008 Capital Budget for City Planning in order to accommodate this project. There will be a report back after the 3 year period on the disposition of future proceeds.

## **DECISION HISTORY**

City Council, at its meeting of May 23, 24 and 25, 2007, considered the matter entitled “Coordinated Street Furniture Program – Results of Request for Proposals (RFP) 9103-06-7316” (Executive Committee Item EX8.8). Council accepted the proposal by Astral Media as having achieved the highest evaluated score to provide a coordinated street furniture program for the City of Toronto, and directed staff to enter negotiations with the recommended Vendor, finalize contract provisions and finalize an agreement. In addition, Council, among other things, directed:

- “5. The Deputy City Manager and Chief Financial Officer, in conjunction with the Deputy City Manager responsible for Transportation Services, report back to the Budget Committee as soon as the agreement between the City and the recommended Vendor is finalized, on the financial implications arising from the final terms of the agreement, including the maintenance of existing revenues for affected City programs, the establishment of the Public Realm Unit and the disposition of any net revenues; and
  
14. City Council request the Deputy City Manager and Chief Financial Officer, and Deputy City Manager, Cluster B to consider, when reporting to the Budget Committee on the financial implications of the final agreement (Recommendation 5 above), the motions concerning dedicating revenues to areas in which they are generated and allocating a portion of revenues for graffiti eradication programs and to include a provision that the

City set aside a portion of the revenues secured from Astral Media in payment for this contract specifically for additional enforcement of the sign by-laws.”

## **COMMENTS**

### **Financial Terms of the Astral Agreement**

The financial terms of the agreement entered into with Astral Media, effective September 1, 2007, are as set out in the staff report (April 17, 2007) contained in Item EX8.8. To recap, the City is to receive significant financial value by way of all capital and maintenance costs over the 20-year term for the specified street furniture elements (over 26,000 pieces in total) being the responsibility of the vendor, as well as a guaranteed revenue stream over the duration of the agreement. All dollar values provided reflect current year amounts. Capital and maintenance costs are estimated to be in the order of \$202.4 million and \$294.3 million respectively, with \$428.8 million in revenue flowing to the City. This represents a value to the City of \$925.5 million over the term of the agreement. In addition, pursuant to the RFP, the successful vendor paid amounts of \$285,000 to recover the City’s expenses in the RFP process and preparation, and \$100,000 to enable the City to carry out a “design links” study.

With respect to the direct revenue to the City, which is the subject of this report, the \$428.8 million committed by Astral Media is comprised of a \$28 million up-front payment and a minimum annual amount, to be paid each year of the agreement. It is noted that Astral Media also committed to pay the first three year annual payment amounts on signing the agreement. Accordingly, a total of \$36.5 million was remitted by Astral Media to the City upon signing the agreement.

### **Revenue Disposition Principles**

The Roundtable on a Beautiful City made a compelling case for the notion that the City’s current position, namely that a state of good repair is adequate or all we can afford, will ensure only a downward slide to mediocrity. The City must signal that the beautiful city agenda is a significant priority and convey the message that beauty, design, quality and care make a difference to the economic health of a city. Toronto must raise its sights to more advanced standards of design and quality in public spaces that are accepted internationally in order to maintain a position among the world’s great urban centres. The Roundtable concluded that Council’s intention to make Toronto more beautiful will not be realized if we do not allocate funds strategically and dedicate additional funds.

The staff report on the Coordinated Street Furniture RFP (April 17, 2007) contained a preliminary discussion on revenue considerations. These are generally reflected in the Council recommendation quoted in the Decision History section of this report. The over-arching premise is that revenues generated from this agreement be invested in the enhancement and upkeep of the public realm – to tangibly advance the goals of ensuring Toronto is a clean, green and beautiful city; to shape the sense of place that defines the City’s character.

Essentially, a hierarchy of three related streams for use of the revenues has been contemplated:

- i) funding the establishment and ongoing operation of a Public Realm organization unit;

- ii) maintenance of existing net revenue streams to Transportation Services who received revenue through the previous transit shelter contract that expired in August 2007; and
- iii) disposition of net revenues for initiatives that will deliver enhanced streetscaping, neighbourhood beautification and other physical public realm improvements in connection with annual capital and operating programs.

In regard to the latter category, in addition to the items suggested in the April 17, 2007 staff report (and discussed below in more detail), Council also requested staff comments on: dedicating revenues to areas in which they are generated; allocating a portion of revenues for graffiti eradication programs; and using a portion of the revenues for additional enforcement of the sign by-laws.

## **Public Realm Unit**

In its consideration of the Coordinated Street Furniture program, City Council authorized and directed the Deputy City Manager, Cluster B, to establish an action-oriented Public Realm organizational unit that will have strategic responsibility and accountability for planning, design oversight, implementing and managing sidewalk spaces to achieve a beautiful, functional and safe public realm. Three avenues of responsibility are envisaged: management and administration of the street furniture program and roll-out in accordance with the “Vibrant Streets” principles; pedestrian space policy, planning and coordination, including implementation of neighbourhood beautification projects; and project management/coordination for capital streetscape works and other major public space initiatives. This unit would be involved in leveraging private sector investment in all aspects of the public realm.

The importance of this unit was highlighted in the April 17, 2007 staff report. Concerns have been expressed that there are many related issues affecting public spaces, from pedestrian priorities, opportunities for neighbourhood beautification, cafes and marketing, vending, tree planting techniques, street tree health and maintenance, utility coordination and enforcement, as well as street furniture in its various forms, but no one division or unit seems to have overall carriage or identified project management responsibility. In a related vein, the ability to rally around complex streetscaping initiatives (for example, public spaces adjacent to iconic cultural institutions) has been lacking.

In practical terms, the magnitude of implementing the street furniture program given its vast scope, aggressive implementation schedule and need to maintain appropriate contract oversight cannot be overstated. At the same time, the groups within the City charged with responsibilities for managing projects in neighbourhood beautification, pedestrian infrastructure and streetscape improvements have struggled under the pressures of extremely limited resources and growing expectations to deliver their mandates. By organizing a Public Realm unit, significant mutual support and benefit will be realized and their goals will be better achieved in an operations environment.

Pursuant to the Council directive, work has begun in earnest on the formulation of the Public Realm unit. Because this new group will directly comprise or interface with activities and mandates of a

wide cross-section of City Divisions and serve as the focal point for coordinating stakeholders in the rollout of street furniture and other capital and neighbourhood beautification initiatives, its establishment is a complex undertaking. At this time, a broad framework is emerging, however, an extensive amount of work remains to be done to further scope the unit. In light of the urgent need to establish the street furniture group to oversee and manage the new agreement, the first phase has been implemented. General assumptions have been made regarding composition of the remainder of the unit and, on this basis, the following budget requirements are envisaged as noted below:

2007	Funding for one staff, full year, and eight staff for one month =	\$193,000
2008	Staff costs for full Public Realm Unit for nine months (2/3 year), plus non-salary costs =	\$3,598,000
2009 and beyond	Full staff and non-salary costs =	\$5,505,000

It is noted that certain existing staff and non-salary resources could be transferred into the new unit, resulting in a corresponding decrease in other areas of the Operating Budget. These changes will be detailed through the 2008 and subsequent years' Operating Budget processes.

One element that will likely be assumed by the new office will be Clean and Beautiful City secretariat functions. It is recommended that consideration be given in the 2008 Operating Budget process to funding activities of this unit from the street furniture proceeds: \$1,079,000 for staff and non-salary resources, which includes \$15,000 per Ward for community/demonstration projects; \$220,000 to top up the amount for these projects to \$20,000 per Ward; and \$400,000 for the third and final phase of the orphan space maintenance program. This would result in a reduction of over \$1 million to Transportation Services' tax-based 2008 Operating Budget. The 2008 funding requirements for the new Public Realm Unit as well as the possible funding of Clean and Beautiful activities from the Public Realm Reserve Fund are referred for consideration with the 2008 Operating Budget process.

### **Maintenance of Existing Revenues for City Programs**

Currently Transportation Services receives proceeds from the previous transit shelter agreement. These funds reduce pressures against the tax-based budget. Transportation Services received \$5 million annually from the transit shelter agreement with CBS Outdoor. These funds in turn are distributed proportionally to the Division's districts to support their local service delivery. The CBS Outdoor contract expired August 31, 2007.

It is recommended that so as not to incur an impact on the existing Divisional budget that includes these revenues, funds reflecting the current levels, be considered annually subject to Budget Committee approval. In the case of Transportation Services, since the transit shelter contract ended in August 2007, an amount of \$1.7 million is required to cover the last four months in the 2007 Operating Budget so that the total received would be the budgeted \$5 million. It is being

recommended that this amount be provided to Transportation Services from the Astral Media funds in hand for 2007 and to continue to maintain the existing revenue stream for 2008 and future years.

## **Revenues for Related Public Realm Initiatives**

After accounting for the requirements identified above for street furniture/public realm program management and maintenance of existing Division revenue streams, proceeds will be available for other related public realm initiatives. A number of specific possible uses have been raised previously by Council and the Executive Committee and in the April 17, 2007 staff report. These are discussed as follows:

Maintenance of Street Trees: The April 17, 2007 staff report suggested that consideration be given to allocating some of the street furniture revenue (in the order of \$500,000) to augment the ongoing maintenance of street trees. Healthy, vigorous trees play a vital role in advancing the City's environmental and climate change objectives and contribute immeasurably to the look and feel of our urban spaces.

City Council, at its meeting of September 25, 26, 27 and 28, 2006 adopted a detailed plan prepared by the General Manager, Parks, Forestry and Recreation, entitled "Tree Maintenance – Planning Programs" geared to ensuring the survival of street trees under hostile urban conditions through appropriate maintenance (Clause No. 19 of Report No. 6 of the Economic Development and Parks Committee).

The General Manager noted that despite new street trees being planted each year under capital projects of various Divisions, current resources do not allow for adequate maintenance of these trees, with some 5,500 dead or dying trees removed and replaced. The key to ensuring street tree survival is a proper maintenance, monitoring and watering regime, particularly during the first ten years as the tree establishes.

The General Manager indicated that in order to do this properly, a much needed increase would be required for the Urban Forestry annual Operating Budget. Additional funding was not approved in the 2007 budget process. The Parks and Environment Committee, at its meeting of June 6, 2007, adopted a further report from the General Manager (May 17, 2007) entitled "Commercial Tree Removal, Replacement and Maintenance," and requested that an additional \$0.958 million in operating and \$0.445 million in capital funding for the maintenance of commercial trees be included in the Parks, Forestry and Recreation submission for consideration in the 2008 budget process (Item PE5.3).

Fundamentally, street trees should be viewed no differently than any other City facility in the right of way that needs to be properly maintained and cared for in a state of good repair. Based on the Business Case, it is being recommended that it be referred for consideration in the 2008 Operating Budget process, to allocate a contribution of up to \$700,000 from street furniture revenues toward street tree maintenance as this program complements and supports the City's objectives for an exceptional public realm, greatly adding to the aesthetic appeal of the streetscape and attracting residents, tourists and investment.



Tourist Information/Public Wayfinding: One of the features of the street furniture program will be the installation of 120 tourist information pillars. The Economic Development Division, Tourism Section specified this element in the RFP as part of a program to greatly improve visitors' ability to navigate the city. The new info pillars provide a platform for advancing this work. However, they will only be as effective as the information they provide. Staff will be responsible for keeping up to date with changes and new events taking place in the city and to ensure the information content of the pillars and their maps is current.

EDCT-Tourism has identified that one of Toronto's most significant current weaknesses as a tourist destination is inadequate information provided to visitors and how to get around in the city:

- The City does not have any full service, year round information centres, relying on a presence in the Ontario Travel Information Centre, services provided as an adjunct to selling sightseeing tours by private companies, volunteer Traveller Aid booths, individual hotel concierges, and a small scale privately sponsored summer mobile information service;
- Directional signage to attractions is sporadic;
- On-street orientation systems are lacking; and
- Websites providing visitor information are confusing and often out of date.

Information germane to visitors is currently being maintained by EDCT-Tourism and improvement to a number of the deficiencies identified above will complement the activities aimed at enhancing the public realm. Seven visitor information services and programs have been initiated in the past few years. Although these services greatly enhance the visitor experience and encourage return trips, funding for service delivery is dependent on short term agreements with corporate and other sponsors and can only be provided if sponsorships are secured. Considerable staff resources must be dedicated to managing and securing sponsors, and the programs must be tailored to meet sponsors' objectives, as well as the public purposes of delivering high quality services promoting the city.

A fully integrated and funded system of visitor information/wayfinding services sufficient to provide an excellent level of service to meet the City's objectives would cost several million dollars annually. Funding of \$300,000 would enable the City to establish a secure base level of service from which partnerships could be developed to deliver expanded services.

EDCT-Tourism is currently developing a business plan to guide the provision of visitor information services after the December 2008 conclusion of a current partnership agreement with Tourism Toronto and the Ministry of Tourism. It will better inform a detailed work program and budget proposal. But it is envisaged that the basic service components would include:

- An enhanced staff capacity to be up-to-date with city attractions, events, services, policies and other occurrences impacting visitors and to effectively disseminate such information to the visitor through the info pillars, website, other electronic information technologies, maps, and various information providers;
- Direct delivery of core visitor information counselling services; and
- Development and delivery of some additional information/wayfinding products and programs such as a directional signage program, maps/brochures, greeter program, etc.

In addition to the obvious tie-in of advancing the objectives of the public realm, the payback on such an investment would be increased expenditures, heightened trip satisfaction and a higher propensity to make a return trip by Toronto's 20 million visitors a year. Therefore, it is being recommended that consideration be given to the 2008 Operating Budget process to allocate up to \$300,000 in 2008 from the Astral Media contract to develop and maintain tourist information and wayfinding content and strategies in connection with the info pillar elements of the street furniture program, subject to the Executive Director, Tourism, submitting a business case.

Graffiti Eradication: City Council requested that consideration be given to allocating a portion of revenues for graffiti eradication programs. Specifically, Council requested the Public Realm unit, in concert with staff from Municipal Licensing and Standards, to report back on setting standards for poster and graffiti removal from the public realm, based on, among other principles, a funding allocation approved by the Budget Committee to provide revenues generated by the street furniture contract for each City Division or ABC as required.

As was noted in the staff report (May 18, 2007) to Council, the defacement of a wide range of public, utility and private infrastructure by graffiti is a growing concern throughout the city. Currently, City Divisions, ABCs, utility companies and private property owners employ a variety of means and programs to remove, transform and discourage graffiti in their respective areas of responsibility. In view of the significance and complexity of this issue, an inter-agency graffiti eradication team (Toronto Police Service, utility companies, railways, school boards, Astral, TTC and divisions) has been established under the leadership of the Executive Director, Municipal Licensing and Standards, to develop and implement strategies to reduce graffiti and influence a longer term shift where graffiti is broadly viewed as unacceptable. The team is currently developing a detailed Action Plan to ensure the program is sustainable and to clearly identify who is responsible for each aspect. The Council and Committee motions are related to setting standards for poster and graffiti removal from equipment and facilities within time frames and funding and resource needs. These are within the mandate of the team and are under development with the Action Plan. At this time, the group is not in a position to identify the resource needs or funding requirements. Accordingly, such recommendations should be forthcoming during 2008 and be considered at that time.

Sign By-law: The enforcement of existing sign by-law(s) provisions and desire to develop and implement harmonized, City-wide regulations has received considerable interest over the past year and has now taken on an air of some urgency. The Chief Building Official/Executive Director, Toronto Buildings is leading an inter-Divisional team toward the creation of a consolidated sign by-law.

The Chief Building Official advises that a preliminary Work Plan has been developed. The proposal anticipates developing and securing approval for the work plan; retaining dedicated staff members for by-law development; extensive internal and external consultation processes; retaining outside technical expertise for advice on the by-law and assist with the consultation process; and development of an implementation strategy for the new by-law. The estimated budget for the project is approximately \$943,000. Senior staff have explored a number of potential funding approaches, including creation of a sign or billboard tax; the collection of a fee for each sign or

billboard erected; or allocating a portion of the money collected as part of the street furniture program to the development of the sign by-law.

It is expected that the sign/billboard tax and/or fee, both of which are authorized under the City of Toronto Act, would provide a steady stream of future revenue for the ongoing enforcement and administration of the consolidated sign by-law, however, such monies will take some time to develop, implement and collect, and could be subject to legal challenge. It is anticipated that staff will be in a position to report on this matter late in 2008. Development of the new sign by-law could be significantly accelerated through use of some of the street furniture revenue. Accordingly, it is being recommended that funding in the amount of \$27,000 be provided immediately in 2007 from the Astral Media funds on hand and that consideration be given as part of the 2008 Operating Budget process in allocating \$678,000 for the development of the sign by-law, and at such time as an annual fee or tax for billboards and/or signs is applied (likely by 2009), such funds be reimbursed to the street furniture account. A further \$238,000 of Astral Media funding is requested in 2009.

Streetscape and Public Realm Improvements: Available net revenues accruing from the street furniture contract should increase over time as the minimum annual payments increase. As Committee and Council knows, funds are currently allocated in the City Planning Capital Budget to provide enhanced streetscape treatments to a limited number of Transportation capital projects each year. These funds have ranged between \$1.5 million to \$3 million annually, a level which is markedly inadequate to cover the range of opportunities that arise each year. While the City's first priority, of necessity, is to maintain its infrastructure in a safe, serviceable condition (state of good repair), the benefits of the enhanced treatments on the main streets and commercial areas are substantial. The Urban Design section of City Planning has compiled the Streetscape Manual, which sets out treatments for each of the City's main streets and priority routes. It is recommended that, in conjunction with the annual budgeting process, the General Manager, Transportation Services, in consultation with the Chief Planner, will provide a plan for enhanced treatment of projects through application of net revenues from the street furniture program.

### **Cash Flow – Establishment of Reserve Fund**

The foregoing discussion sets out a recommended scenario for sound investment of the revenues generated from the street furniture contract for the advancement of substantial public realm benefits. Attachment 1 provides an accounting of the projected requirements during the first three years of the contract, when the initial payment (\$36.5 million) will cover all expenses over this period.

With respect to the mechanics of handling the revenues and disbursements, it is being recommended that a new Public Realm discretionary reserve fund account be established under the purview of Transportation Services and that the existing funds in hand consisting of the 'up-front' payment and the first three years' payment guarantee be placed in said fund. Use of these funds for operating and capital purposes would be in accordance with the specific recommendations and principles established in this report.

Purpose: To receive net revenues from the Astral Media Outdoor LP street furniture contract for management and administration of the street furniture program and public realm; maintenance of existing net revenue streams as required to City Divisions receiving revenue through previous street furniture contracts; and initiatives that will deliver enhanced streetscaping, neighbourhood

beautification and other physical public realm improvements in the City's road allowances in connection with annual capital and operating programs.

Beneficiary Program Area: Transportation Services

Initial Contribution: Proceeds from the \$36.5 million initial payment, less operating amounts of \$1,920,000 recommended for approval for the 2007 operating budget.

Contribution Policy: Net proceeds from the annual revenue payments by Astral Media, after annual operating budget expenses.

Withdrawal Policy: Funds will be withdrawn as part of the annual budget process, both capital and operating, for public realm related initiatives within the City's road allowances or through a specific report to City Council authorizing the purpose and amount of the withdrawal.

Review Cycle: Once the Astral Media contract ends, should there still be funds in the account, the Deputy City Manager and Chief Financial Office in consultation with the General Manager of Transportation Services will report on the continued need for the fund and the disposition of the remaining funds.

### **Design Links Study**

The RFP stipulated that upon execution of an agreement with a successful Vendor, a payment be made to the City to fund a design study to be undertaken by the City for the purpose of recommending complementary design solutions for bollards, pedestrian railings, tree grates, maintenance covers, sidewalk subway entrance portals and other street amenities, which might be provided by the City or a third party for the purpose of complementing and enhancing the Street Furniture designs. The payment of \$100,000

was received from Astral and it is recommended that the amount be used to fund the Design Link Study and that the 2008 City Planning Capital Budget be increased by that amount to accommodate this project.

### **CONTACTS**

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### **SIGNATURES**

Joseph P. Pennachetti  
Deputy City Manager and  
Chief Financial Officer

Richard Butts  
Deputy City Manager

### **ATTACHMENT**

Attachment 1 – Street Furniture Agreement Initial Payment Cash Flow  
(ts07209bc.top-Att1)

## ATTACHMENT 1

### STREET FURNITURE AGREEMENT - INITIAL PAYMENT CASH FLOW

<b>Initial Payment July 2007</b>		<b>\$36,500,000</b>
<b>2007 Expenses</b>		
Operating Costs (8 staff x 1 month and 1 staff full year)	\$193,000	
Transportation Transit Shelter Revenue (September to December)	\$1,700,000	
Sign By-law Development	\$27,000	
	\$1,920,000	
<b>2008 Expenses</b>		
Operating Costs (2/3 of Public Realm Unit)	\$3,598,000	
Transportation Transit Shelter Revenue	\$5,200,000	
Clean and Beautiful City	\$1,699,000	
Urban Trees	\$700,000	
Tourist Information	\$300,000	
Sign By-law Development	\$678,000	
	\$12,175,000	
<b>2009 Expenses</b>		
Operating Costs	\$5,505,000	
Transportation Transit Shelter Revenue	\$5,304,000	
Clean and Beautiful City	\$1,741,000	
Urban trees	\$718,000	
Tourist Information	\$307,000	
Sign By-law Development	\$238,000	
Sign By-law Repayment	(-\$400,000)	
	\$13,413,000	
<b>2010 Expenses (to September)</b>		
Operating Costs (2/3 year)	\$3,743,000	
Transportation Transit Shelter Revenue (2/3 of \$5,410,000)	\$3,607,000	
Clean and Beautiful City (2/3)	\$1,190,000	
Urban Trees (2/3 of \$520,000)	\$490,000	
Tourist Information (2/3 of \$520,000)	\$210,000	
Sign By-law Repayment	(-\$543,000)	
	\$8,697,000	
<b>Total Costs to September 2010</b>		<b>\$36,205,000</b>
<b>Next Payment September 2010</b>		<b>\$7,816,000</b>

Note 1: Initial Payment includes \$28 million up front amount and first three years annual guaranteed revenue prepaid (\$2 million, \$2.5 million and \$4 million)