



STAFF REPORT ACTION REQUIRED

Transmittal of Yonge-Dundas Square Report: Extension of Outdoor Advertising Contract between the City of Toronto and Clear Channel Outdoor for Additional One (1) Year Period

Date:	April 27, 2016
To:	Government Management Committee
From:	General Manager, Economic Development and Culture
Wards:	27
Reference Number:	22971

SUMMARY

The purpose of this report is to transmit a report from the Yonge-Dundas Square Board of Management (the "Board") recommending that City Council authorize the Board to execute an amending agreement to the existing outdoor advertising agreement between the City of Toronto ("City") and Clear Channel Outdoor (CCO) (the "Agreement"). The amending agreement will extend the term of the Agreement for an additional one (1) year period allowing the City to continue to receive revenue under the existing Agreement until the Board completes a procurement process for a new multi-year opportunity for new signage.

In exchange for this extension, CCO has agreed to make improvements to the existing signage and increase its guaranteed minimum contribution from 40% to 45% of net advertising revenue

RECOMMENDATIONS

The General Manager, Economic Development and Culture recommends that:

1. City Council authorize the Yonge-Dundas Square Board of Management to execute an amending agreement on behalf of the City of Toronto to extend the existing agreement between the City of Toronto and Clear Channel Outdoor (CCO) for an additional one-year period, concluding on June 30, 2017, such amendment to allow CCO to replace the two existing LED advertising signage units with two new units of

similar dimensions, and increasing the funding commitment from CCO from 40% to 45% of net advertising revenue and subject to such other terms and conditions recommended by the General Manager of Economic Development and Culture and City Solicitor.

Financial Impact

The contract with CCO provides the City with the greater of 40% of gross revenues (net of agency commission), or \$75,000. In 2015, the City received \$211,000 in revenue under the existing Agreement. These revenues are an important contribution to the annual operating revenues for Yonge-Dundas Square. Extension of the agreement will allow the City to continue to receive the revenues utilized by Yonge-Dundas Square until the Yonge-Dundas Square Board of Management completes its procurement process for a new multi-year signage opportunity. In exchange for this extension, CCO has agreed to make improvements to the signs and increase its guaranteed minimum from 40% to 45% of net advertising revenue. The Board will also receive benefit from the value of newly upgraded signs at the end of the extended contract.

Amending the existing Agreement would extend the term of a revenue sharing agreement with the City of Toronto. Under section 771-8K, of Municipal Code, Chapter 771, Taxation, Third Party Sign Tax, no tax is payable by an owner entered into a revenue sharing agreement with the City of Toronto during the term of the revenue sharing agreement with the City of Toronto. The sign owner of a Class V sign under Chapter 771, if not exempted under section 771-8, is subject to an annual tax of \$25,478.27 for the 2016 taxation year. The impacts of the structure of the current agreement on the administration of Chapter 771 have been considered and are incorporated into the proposed increase in revenues paid from 40% to 45% of net advertising revenue.

The Deputy City Manager & Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

DECISION HISTORY

At its meeting of July 22, 23, 24, 2003, City Council authorized Yonge-Dundas Square Board of Management to execute on behalf of the City of Toronto a 10-year agreement with Eller Media Company Canada carrying on business as Clear Channel Outdoor, to design, supply, install, maintain, and operate an advertising sign at Yonge-Dundas Square.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030722/pof8rpt/cl025.pdf>

At its meeting of June 22, 23 and 24, 2004, City Council amended Municipal Code Chapter 636, Public Squares, to delegate certain authorities to the Yonge-Dundas Square Board of Management to enter into agreements on its own behalf concerning vending, sponsorship and advertising agreements, without the need for Council authority.

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040622/cofa.pdf>

At its meeting of February 23, 24 and 25, 2009, City Council authorized Yonge-Dundas Square Board of Management to execute on behalf of the City an amending agreement to the existing agreement, extending the agreement to 2016 in exchange for CCO replacing the two existing sign faces and increasing the minimum annual guaranteed payment during the additional two years of the agreement from 30 to 40 percent of net advertising revenue, or \$75,000, whichever is greater.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.TE23.3>

COMMENTS

Clear Channel Outdoor (CCO) has maintained and operated outdoor advertising signage at Yonge-Dundas Square since 2003. The Agreement with CCO provides annual operating revenue for Yonge-Dundas Square. In 2015, the City received \$211,000 in revenue from CCO, which was utilized for the Yonge-Dundas Square operating budget. The Agreement has now expired and a one-year extension is being requested.

The Yonge-Dundas Square Board of Management is currently undertaking a procurement process for a larger, multi-year signage program. However, this process will not be completed prior to the expiration of the existing Agreement with CCO. In order to maintain the current revenue stream, the Yonge-Dundas Square Board of Management is seeking a one-year extension to the City's current Agreement with CCO until such time as a new signage arrangement can be secured.

In exchange for this extension, CCO has agreed to replace the two existing LED advertising signage units with two technologically upgraded units of the same size, and increase its funding commitment from 40% to 45% of net advertising revenue.

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SIGNATURE

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Attachment No. 1 Yonge Dundas Square Board of Management Report