

Pattison Outdoor Billboard Leases

Date	April 7, 2021
To	Executive Committee
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	EX21-28

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve the lease of City-owned property to Pattison Outdoor Advertising LP, as identified in Appendix A, consistent with the terms and conditions stated in this report.
2. Delegate authority to the Executive Director, Finance Strategy & Sustainability or his or her designate, to negotiate and approve a Lease Agreement between The City of Regina and Pattison Outdoor Advertising LP to operate their advertising billboards on City land as further described in this report, as well as any amendments to the Agreement that do not substantially change what is described in this report and any ancillary agreements or documents required to give effect to the Agreement.
3. Authorize the City Clerk to execute the Lease Agreements upon review and approval by the City Solicitor.
4. Instruct the City Solicitor to prepare the necessary bylaw to give effect to the recommendations, to be brought forward to the meeting of City Council following approval of these recommendations by City Council.
5. Approve these recommendations at its meeting on April 14, 2021.

ISSUE

There are currently several permanent billboards located on City of Regina (City) property

and rights-of-way throughout the City. The current lease agreement, with Pattison Outdoor Advertising (Pattison), on eight billboard locations, has expired. Administration is recommending that six locations be renewed as Pattison has chosen to remove two of their billboards. The billboards were installed as a result of previous leases with Pattison and, as such, they are the owners of the actual billboard structure.

As the proposed lease of land is being made without a public offering, City Council approval is required pursuant to Section 41 of *The Regina Administration Bylaw No. 2003-69*.

IMPACTS

Financial Impacts

In total there are eight billboard locations representing sixteen non-digital billboard faces currently up for renewal. Administration is recommending six locations (i.e. lease of land) be renewed. The proposed rate for each billboard face is a Percentage Lease Fee of 25 per cent of the lessee's gross advertising revenue with a Guaranteed Minimum Annual Lease Fee of \$3,300 per year plus all applicable taxes (GST and property). The proposed lease agreement is a five-year term and includes a three per cent annual increase.

Based on the Guaranteed Minimum Annual Lease Fee and renewal of the land leases at all six locations, the City will realize, at a minimum, revenue as per the following chart for the six recommended leases:

Year 1	\$39,600
Year 2	\$40,788
Year 3	\$42,011
Year 4	\$43,271
Year 5	\$44,570

The proposed lease also provides for an option to renew for an additional five-year term with the same annual increase of the Guaranteed Minimum Annual Lease Fee and Percentage Lease Fee.

Current revenue from all City billboard leases is \$109,922 annually. The execution of this agreement will increase revenue to \$112,844 even though the lessee will be removing two existing billboards. Payments will be recorded as lease revenue by the Real Estate Branch and net revenue will be deposited into the Land Development Reserve.

Policy/Strategic Impacts

Although signage on public rights-of-way is not regulated under the *The Regina Zoning Bylaw, 2019*, all six locations are in areas where billboards would generally be considered permitted.

Legal/Risk Impacts

All locations have been reviewed by the City's Traffic Engineering Branch and none of the locations have been flagged with traffic safety concerns.

OTHER OPTIONS

City Council could decide to not renew the lease agreements, therefore requiring Pattison to remove their remaining six billboards from City property.

COMMUNICATIONS

Public notice is required for City Council to approve the lease of City-owned property without a public offering. Notice regarding this proposal was advertised on April 3, 2021 in the CityPage section of the Leader-Post in accordance with the public notice requirements. The decision of City Council will be provided in writing to the Pattison Outdoor Advertising Ltd.

DISCUSSION

The City entered into a lease agreement with Pattison several years ago. Over the years, the locations and the terms of the leases have changed. All previous renewals received approval from City Council.

The current lease locations have been without a new lease since December 31, 2018. Several discussions with the potential lessee determined that waiting until the approval of the new sign regulations in *The Regina Zoning Bylaw, 2019* was the best course of action. Now that this bylaw has come into force, the potential lessee has expressed interest in continuing their relationship with the City.

The proposed lease rate has been deemed fair market value for billboard leases within the City. This billboard lease rate was approved for another billboard advertising company at City Council on October 6, 2020 via CR20-84. It is in the best interest of the City to maintain a consistent lease rate for all billboard leases.

DECISION HISTORY

Permanent billboards have been located on City property for 30-plus years. The most recent approvals were in October 2020.

The recommendations contained in this report require City Council approval.

Respectfully Submitted,



Shaun Bzdel, Director, Land, Real Estate & Facilities

3/25/2021

Respectfully Submitted,



Barry Lacey, Exec. Director, Financial Strategy & Sustainability

3/31/2021

Prepared by: Sherri Hegyi, Real Estate Officer

ATTACHMENTS

- Appendix A-1 (Arcola Ave and Edgar St)
- Appendix A-2 (Arcola Ave and Wallace St)
- Appendix A-3 (Saskatchewan Dr and Halifax St)
- Appendix A-4 (Saskatchewan Dr and Retallack St)
- Appendix A-5 (South Railway St and Broad St. Srv Rd E)
- Appendix A-6 (Dewdney Ave and Scarth St)