

Lease of Existing Permanent Billboard Structures to Outfront Media Canada LP

Date	September 16, 2020
To	Finance and Administration Committee
From	Financial Strategy & Sustainability
Service Area	Land, Real Estate & Facilities
Item No.	FA20-14

RECOMMENDATION

The Finance and Administration Committee recommends that City Council:

1. Approve the lease of City-owned property to Outfront Media Canada LP, as identified in Appendix A, except the lease of land located at the north east corner of Saskatchewan Drive and Broad Street, consistent with the terms and conditions stated in this report.
2. Authorize Administration to finalize any other commercially relevant terms and conditions of the lease documents.
3. Authorize the City Clerk to execute the Lease Agreements upon review and approval by the City Solicitor.
4. Approve these recommendations at the September 30, 2020 City Council Meeting after public notice has been advertised.

ISSUE

There are currently several permanent billboards located on City of Regina (City)-owned right-of-ways and property throughout the City. The current lease agreement on six of the billboard locations has expired and Administration is recommending five of the six leases be renewed. The billboards were installed as a result of previous leases with Outfront Media Canada LP and as such, they are the owners of the actual billboard structure.

IMPACTS

Financial Impacts

In total there are six billboard locations representing twelve non-digital billboard faces currently up for renewal. Administration is recommending five of the six locations (i.e., leases 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 agreement includes a three per cent annual increase.

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

Year 1	\$29,700
Year 2	\$30,591
Year 3	\$31,508
Year 4	\$32,454
Year 5	\$33,428

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 billboard leases is \$111,722 annually, which includes revenue from the 6 billboards at their current rate. The execution of this lease would increase revenue to \$114,422. 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

If all six locations were presented as new applications today, two of the billboards would not be permitted under the sign regulations of *The Regina Zoning Bylaw, 2019*. However, Chapter 11, Clause 11B.2(1) indicates that, "Signs which were legally erected, displayed or approved by the City at the time of the coming into force of the Bylaw shall be considered legally non-conforming signs and remain subject to the laws in force at the time of construction..."

The billboard located at the corner of Saskatchewan Drive and Broad Street would not be permitted under the new bylaw as Saskatchewan Drive is considered a Gateway Corridor and Broad Street is considered a Major Arterial roadway. New billboard signs are not permitted within a 40m visibility triangle measured from the outside corner of the landscaped area. As the existing billboard is in the road right of way on the corner of these two streets, this is not an achievable visibility triangle. While the sign at this location is

legally non-conforming pursuant to Clause 11B.2(1) of the new bylaw, Administration is not recommending lease renewal at this location given visibility and public safety concerns.

The billboard located at the corner of Arcola Avenue and Park Street would not be permitted under the new bylaw as it is located within a Residential Neighbourhood (RN) zone. However, Administration is recommending the lease at this location be renewed pursuant to Clause 11B.2(1) of *the Regina Zoning Bylaw, 2019*. There were no safety concerns raised with this location, and not approving the billboard renewal will result in a negative financial impact to the billboard owner.

Legal/Risk Impacts

The City's Traffic Engineering Branch has identified a traffic safety concern with the billboard up for renewal located at the northeast corner of Saskatchewan Drive and Broad Street. This billboard is situated within the intersection field of view and does not comply with Transport Association of Canada guidelines adopted in 2015 due to distractions created at the intersection. As mentioned previously, Administration is recommending the lease of land at the corner of Saskatchewan Drive and Broad Street not be renewed due to visibility and public safety concerns.

OTHER OPTIONS

Option 1

Renew all six existing permanent billboard leases with Outfront Media Canada LP currently located on City-owned property, including the billboard located at Saskatchewan Drive and Broad Street.

Option 2

Do not renew any of the six permanent billboard leases with Outfront Media Canada LP.

Option3

Renew four existing permanent billboard leases with Outfront Media Canada LP currently located on City-owned property, excluding the billboards located at the intersections of Saskatchewan Drive and Broad Street, and Arcola Avenue and Park Street.

COMMUNICATIONS

Public notice is required for City Council to approve the lease of City-owned property without a public offering. Upon approval from the Finance and Administration Committee, notice regarding the discussion of this proposal will be advertised in the Leader-Post on September 19, 2020.

DISCUSSION

The City entered into lease agreements with Outfront Media Canada LP, and their predecessors 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, 2017. 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. As these lease locations are existing and won't be made available for public offer, City Council approval is required.

The City is recommending the approval of the lease renewals with the above-mentioned terms as outlined in Option 1.

DECISION HISTORY

Permanent billboards have been located on City property for 30-plus years. The most recent approvals were in April 2015.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully Submitted,



Shauna Szdel, A. Exec. Dir., Financial Strategy & Sustainability

Respectfully Submitted,



9/8/2020

Barry Lacey, Exec. Director, Financial Strategy & Sustainability

9/11/2020

Prepared by: Sherri Hegyi, Real Estate Officer

ATTACHMENTS

- Appendix A-1 (Victoria Ave and Arcola Ave)
- Appendix A-2 (Park St and Arcola Ave)
- Appendix A-3 (Broad St and Saskatchewan Dr)
- Appendix A-4 (Albert St and 5th Ave)
- Appendix A-5 (Albert St and 6th Ave)
- Appendix A-6 (Saskatchewan Dr and Ottawa St)