

July 17, 2015

**ACTION REQUIRED**

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

Subject: **Cieslok Media Ltd. – Amending Agreement**

Summary:

This report recommends the Board authorize amending the agreement (the "Agreement") between the Board and Cieslok Media Ltd. ("Cieslok") to permit Cieslok to modify both the existing east and west sides of the billboard sign facing the Gardiner and located at 2 Strachan Avenue (the "Sign"). Cieslok has the ownership and management of the Sign for a term ending June 30, 2025 at which date it reverts to the Board. However, the existing Agreement would not allow for the modifications being proposed by Cieslok without an amendment.

Approval of this report by the Board is only approval of an amendment to the business terms of the commercial Agreement and only allows Cieslok to then make application to the City for any approvals, permits or by-law amendments, including a site specific amendment pursuant to Municipal Code Chapter 694 Signs, General By-law which would require further Council approval, to permit the proposed modifications.

The current configuration of the various sign faces on the east and west sides of the Sign are shown in Appendices "A" and "B" respectively, and the proposed configuration for both sides is shown in Appendix "C" and described in Appendix "D". Replacing the existing trivisions/video with digital will result in the harmonization of both sides of the Sign; changing the Sign to one specific type of sign format/sign manufacturer rather than two will reduce the constant malfunctions; brightness levels will be addressed; clutter is reduced; and the Sign will be more aesthetic while providing more displays and result in additional income to the Board.

**Recommendations:**

**It is recommended that the Board, subject to the approval of City Council:**

- 1) Approve the amendments to the Agreement as more specifically set out in this report; and**
- 2) Direct that the information contained in Confidential Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of Exhibition Place.**

Financial Impact:

The potential positive financial implications are set out in Confidential Attachment 1. In addition, Cieslok is also liable to pay taxes to the City in accordance with Municipal Code Chapter 771 Taxation, Third Party Sign Tax.

### Decision History:

The Exhibition Place 2014 – 2016 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 May 23, 2014, the Board approved 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 June 16, 2013, City Council adopted Item PG25.3 to enact a site specific by-law amendment to Chapter 694 Signs, General to permit a reconfiguration of the west facing side of the sign.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PG25.3>

At its meeting of October 2, 2012, City Council adopted Item PG17.2 to enact a site specific by-law amendment to Chapter 694 Signs, General to permit the replacement of the east facing sign faces to be modified to include two faces displaying from static copy with mechanical (trivision) sign and one face displaying electronic moving sign copy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.PG17.2>

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 Strachan Billboard 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>

### Issue Background:

The Agreement sets out limited specifications for the Sign and therefore, without approval of an amendment to the Agreement as proposed, Cieslok would not have any authority under the Agreement to submit an application to the City under Municipal Code Chapter 694 Signs, General By-law to undertake the modifications outlined in this report.

Appendix “A” sets out the existing configuration on the East Face and the multiple functionality issues; Appendix “B” addresses the existing West Face; Appendix “C” shows a visual of what the Sign would look like with the modifications; and Appendix “D” details the proposed specifications.

#### East Side Faces (Appendix “A”):

The current east side face configuration is a Prismaflex trivision in the top upper left hand corner (16 X 27.1); the full lower portion of the side is all MRI trivision (20 X 59.10); with a LED Board in the top right hand corner (32 X 16) for an overall configuration of 2,128 sf. Cieslok is proposing to replace the east side faces with one 30' X 60' digital double-sided display with an overall configuration of 1,800 sf which is 328 sf smaller or a 15% reduction.

The east side faces are now end of life and because of the multiple sign products displayed on this side which are not compatible, the system has many points of failure and fails often. By replacing all areas of the east side with digital, there will be a more aesthetic appearance. It will also enable Cieslok to offer its customers full equal time on the Sign (a “site domination” position) which typically results in a higher price from the customer and longer contracts periods.

#### West Side Faces (Appendix “B”):

The current west side face configuration is a PrismaTronics LED Board in the top left hand corner (18.11 X 29.5); a large Prismaflex trivision on the right hand side (29.2 X 37.6); and a small Prismaflex trivision on the lower left portion of the sign (9.2 X 29.5). The current overall dimension measures 1,914 sf. Cieslok is proposing to replace the west side faces with one 30' X 60' digital double-sided display with an overall configuration of 1,800 sf which is 114 sf smaller or a 6% reduction.

#### Other Modifications / Improvements / Benefits being Proposed:

- Currently the west side has permission to operate 24 hours per day and the east side for 16 hours. Cieslok is proposing that both sides will be totally shut down and not operate between 11pm to 7am daily.
- Cieslok has also indicated that the new faces on both sides will have light emitting sensors to sense darkness and therefore reduce the illumination level once it gets gradually dark to 300 nits before 11pm which is less than the current City standards of 500 nits.
- Cieslok will also be reducing the lights' illumination to conform to the City's new illumination regulations (night-time standard reduced from 500 nits to 300). Currently, Cieslok is permitted to illuminate at 500 nits at night and 5,000 nits in the daytime.
- Cieslok is proposing to have the new digital signs transition from image to image gradually (1.5 seconds) and with a gradual fade rather than a quick flash.
- The new signs will also have an optical down-angle LED, which will position the lights to shine towards the street rather than into the sky. The new technology allows for a better image without light intensity.
- The digital signs will not be damaged by the high winds in this area which cause damage on a daily basis to the trivision louvres requiring repair and replacement and lost revenues.
- By changing the west side faces to mirror and be identical the east side faces, Cieslok is reducing clutter and increasing its inventory of rentable space threefold, while still being able to offer attractive site domination in substantially the same manner as presently offered on the east side.
- The digital illuminations of the Sign will be powered using Bullfrog Power which electricity comes from a blend of wind and low-impact hydro power sourced from Canadian renewable energy facilities.
- Converting to digital will decrease vinyl and additional maintenance – environmental friendly change overs thus decreasing overall carbon footprint.

- Exhibition Place will continue to have a 10 second spot (run once approximately every 2 minutes on both sides) available at no cost on these new digital signs. The Exhibition Place ads will now be provided with an enhanced visual impression and a cleaner visual due to the bigger signage face compared to previously using one-third of the sign faces for display.

Cieslok has already met and consulted with the Councillor for Ward 19 and the surrounding community to address any potential issues and concerns. Following the initial meeting, Cieslok did an actual site demonstration to the public on the grounds with a 10 X 20 foot screen to show various illuminations level. Cieslok has indicated that the consultation and presentation was received well with much positive feedback.

Amending Agreement:

Amend the Cieslok Agreement as follows:

- Amend Section 2.0 to replace (if approved by the City pursuant to Municipal Code Chapter 694, Signs General) the general specifications, display areas and height now stated in the Agreement with those specifications, display areas and height as detailed in Option B of Appendix "D" to this report;
- Add as a new Schedule "A - 1" substantially in accordance with Appendix "D" of this report to permit (if approved by the City pursuant to Municipal Code Chapter 694, Signs General) the proposed configuration for the Sign shown as Option B in Appendix "D";
- Amend Section 5.0 to provide for free airtime advertising benefits on both sides of the Sign for the Board;
- Add as a new section to the Agreement to provide for in-kind advertising opportunities on an annual basis on Cieslok digital inventory in Toronto as outlined in the Confidential Attachment 1.
- Amend the Agreement to permit Cieslok to make application to the City for the necessary approvals, including, but not limited to, any By-law amendments or permits, including a site-specific amendment to Municipal Code Chapter 694 Signs, General, required to permit the proposed modifications to the Sign as more particularly set out in Option B of Appendix "D" of this report; and,
- All other terms and conditions remain in full force and effect.

Contact:

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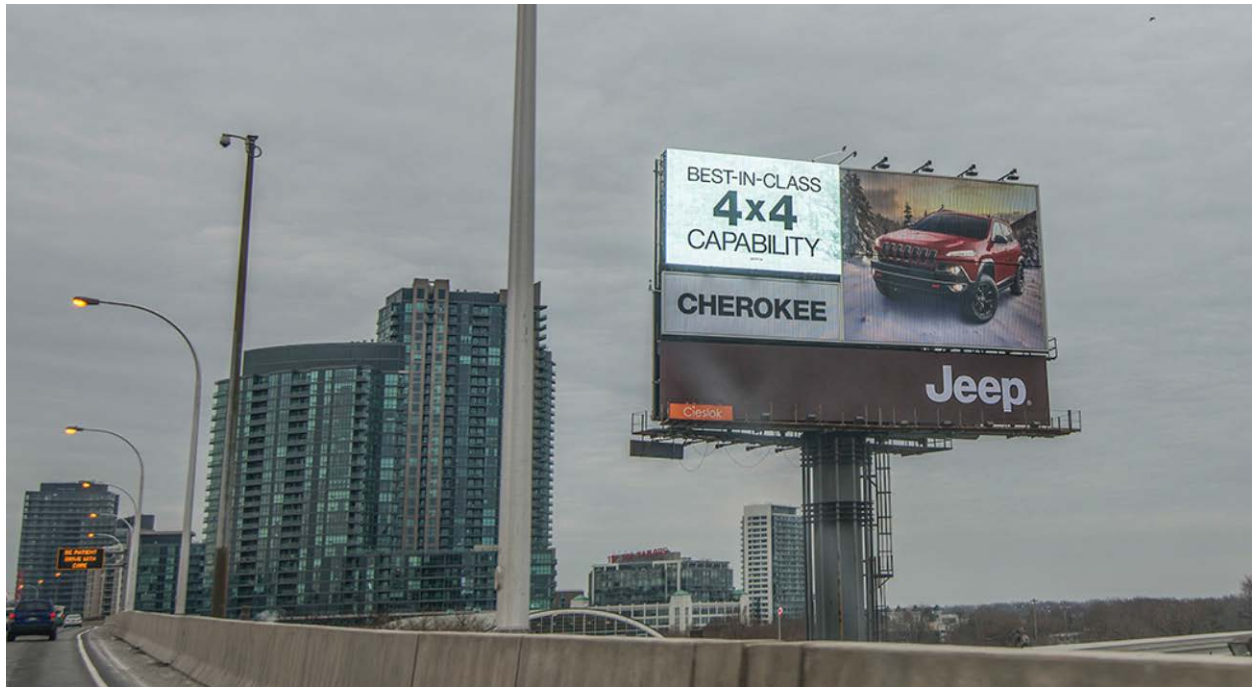
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Appendix "A"  
East Side Faces - Existing Configuration



- The current east side configuration is a Prismaflex trivision in the top upper left hand corner (16'h X 27.1'w), the full lower portion of the sign is all MRI trivision (20'h X 59.10'w) and LED Board in the top right hand corner (32'h X 16'w) for an overall configuration of 2,128 sf.
- The proposal is to replace the existing boards with one 30' X 60' digital double-sided Sign with an overall configuration of 1,800 sf. which is a 328 sf reduction or smaller by 15%.
- The existing LED board/screen is manufactured by Daktronics, and was installed about 4 years ago. The LED is controlled by web based player software called Visiconn.
- Synchronization of this sign face is not possible because the Visiconn software does not support RS232 commands in a playlist and the 2 trivisions are made by different manufacturers,
- This multimedia system of the east side has many points of failure and fails often.
- The trivisions can never seem to be timed perfectly timed with the digital switches.
- All problems have led to poor performance and reduced sales in spite of the many upgrades that Cieslok has invested in over the last years.

Appendix "B"  
West Side Faces - Existing Configuration



- The current west side configuration is a PrismaTronics LED Board in the top left hand corner (18.11'h X 29.5'w), Large Prismaflex trivision on the right hand side (29.2'h X 37.6w), and small Prismaflex trivision on the lower left portion of the sign (9.2'h X 29.5'w). These two portions are separated by a cat-walk which impairs the sight lines of customers' creative messaging. The current overall dimension measures 1,914 sf.
- The synchronization on the west side works fine, as the trivisions are made by the same manufacturer and the LED has the RS232 control which properly informs the visions to work in unison with the LED.
- Cieslok is now proposing to replace the sign with one 30' X 60' digital double-sided Sign with an overall configuration of 1,800 sf which is a 114 sf. reduction or smaller by 6%.
- The Navori software platform is used to synchronize the LED screen with the two Trivision signs; however the Navori software suffers from a memory leak caused by the file size and format of the video, resulting in a history of crashing multiple times per week leading to the LED screen becoming black and freezing the Trivision panels. A patch recommended by PrismaFlex is in place to address the memory leakage and smaller MP4 files are used, this has helped currently with the crashing. The digital quality of the picture also has problems. The brightness level for the LED sign was also high and the colour calibration was not proper and Cieslok has undertaken a manual fix to correct the brightness and colour problems.

Appendix "C"  
Visual of Configuration on both East Side & West Side After Changes



## Appendix "D"

Option A: Current Specifications	Option B: Proposed Modifications
East Face – Sign Components: 1) Upper Left -Mechanical Copy (Prismaflex Trivision: 16'h X 27.1'w) 2) Upper Right -Electronic Moving (Copy (LED): 32'h X 16'w) 3) Lower Bottom -Mechanical Copy (MRI Trivision: 20'h X 59.10'w) Total Sign Area = 2,128 sf	1) 30 x 60 digital sign  Total Sign Area = 1,800 sf
West Face – Sign Components: 1) Upper Left -Electronic Moving (Copy (LED): 18.11'h X 29.5'w) 2) Right Side -Mechanical Copy (Trivision: 29.2'h x 37.6'w ) 3) Lower Left -Mechanical Copy (Trivision 9.2'h x 29.5'w) Total Sign Area = 1,914 sf	1) 30 x 60 digital sign  Total Sign Area = 1,800 sf
<b>Other Changes to be Implemented with the Proposed Modifications in Option B</b>	
<ul style="list-style-type: none"> <li>• Both the East and West Faces will be totally shut down and not operate between 11pm to 7am daily</li> <li>• New digital signs will have light emitting sensors to sense darkness and reduce the illumination level once it gets gradually dark to 300 nits before 11pm</li> <li>• Light illumination will be reduced to conform to the City's new illumination regulations (night-time standard reduced from 500 nits to 300)</li> <li>• Digital signs will transition from image to image gradually (1.5 seconds) with a gradual fade rather than a quick flash</li> <li>• The Sign will have an optical down-angle LED which will position the lights to shine towards the street rather than into the sky</li> <li>• The Sign will be powered using Bullfrog Power</li> <li>• Exhibition Place will continue to have a 10 second spot (run once approximately every 2 minutes on both sides) available at no cost on the digital signs</li> </ul>	