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October 24, 2002

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Wayfinding Signage Agreement

Recommendation:

It is recommended that the Board authorize the amendment to the previously-approved agreement with ClearChannel Outdoor ("CCO") (formerly Eller Canada ("Eller")) as outlined in this report.

Background:

At its meeting of June 23, 2000, the Board approved of entering into an agreement with Eller for the design, installation and maintenance of the Wayfinding Signage Program at Exhibition Place. City Council subsequently approved of this agreement by way of Clause No. 26 of Report No. 10 of the Policy & Finance Committee at its meeting of August 1, 2, 3 & 4, 2000.

At its meeting of March 2001, the Board approved contract amendments which included an increase in the Term from 10 to 15 years; an increase in the Total Capital Fund from Eller by \$250,000; and, an increase to the minimum rent to be paid to the Board in years 11 to 15 from \$252,000.00 to \$420,022.00. City Council at its meeting of May 30, 31 and June 1, 2001 approved of these amendments pursuant to Clause No. 4 of Report No. 8 of the Policy & Finance Committee.

Discussion:

The proposed agreement with Eller approved by the Board in 2000, as amended in 2001, resulted from a public RFP issued by the Board for Entrance Signage at three locations on the Lake Shore which will have an identification component for Exhibition Place; an public announcement component in the form of a message board to be used 100% by the Board; a contribution to the capital cost of an internal wayfinding signage program at Exhibition Place; and a rent-to-be paid to the Board in the latter part of the term. The total capital contribution by Eller is \$1.325M of which \$615,000.00 has been designated for the construction of new interior directional signage and the base rent to be paid to the Board in years 11-15 of the 15 year term of the agreement is \$420,022.00.

Since 2001, staff and Eller have been working on resolving all outstanding issues and complete the contract terms related to this project including issues related to site preparation for each of the three signs which have now been resolved. However, two matters remains outstanding. First, since this project commenced in 2000 Eller Media was purchased by CCO, a media advertisement company whose corporate headquarters is now located in Phoenix, Arizona. Secondly, plans and public discussion with respect to Waterfront Revitalization have been progressing, including the proposal for the realignment of Lake Shore Boulevard.

The change in ownership is a positive development for the Board as it puts the Board in a public-private partnership with one of North America's largest media and outdoor advertising companies. However, it also means that the proposed contract has been subject to review by CCO, which has raised certain issues. While CCO is still very much in support of this project, it is very concerned about making a \$1.3M capital investment in a project whose sole source of funding may change. It is the "gross impressions" of traffic traveling along a particular road that the outdoor advertising industry uses as a method to determine the value of the advertising placed there. In this case, the gross impressions of Lake Shore Boulevard are significantly less than the Gardiner Expressway which leaves less flexibility and creates more risk for the financing of the signage project at this location.

With the possible realignment of Lake Shore Boulevard, CCO is now asking that the contract contain some recognition for its \$1.3M capital investment. Accordingly, staff recommends that the terms of the agreement be amended as follows:

(d) Waterfront Redevelopment: In the event that the implementation of the Central Waterfront Secondary Plan and/or the initiatives of the Toronto Revitalization Task Force require that one or more of the Signs be removed during the Term, Eller agrees that the Board shall have the right, at its option, to:

- (i) remove and relocate the Sign(s), at the Board's expense, to a new mutually agreeable location within Exhibition Place or on other property owned by the City of Toronto with an equivalent revenue potential; or
- (ii) terminate this Agreement in respect of one or more of the Sign(s), on sixty (60) days notice, without penalty or compensation to Eller, save and except for a payment equal to the unamortized capital cost of the Sign(s) in the year in which the Agreement is terminated.

The Waterfront Task Force Secretariat has been consulted about the proposed amendment as drafted by City Legal and since the recommendation in this report preserves the ability of the Board and the City to respond to the requirements of the Waterfront initiative, it would appear to be acceptable and we expect an official sign off shortly.

Conclusion:

It is recommended that the Board authorize the amendment to the proposed agreement with CCO (formerly Eller Canada) as outlined in this report.

Contact:

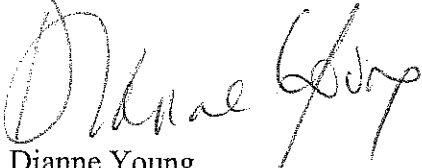
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Submitted by:

A handwritten signature in cursive script, appearing to read "Dianne Young".

Dianne Young

General Manager & CEO

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