

October 14, 2016

The Corporation of the City of Hamilton
71 Main Street West
Hamilton, Ontario
L8P 4Y5

Attention: His Worship, Mayor Eisenberger

Dear Sir:

Re: Digital Signage Budget Enhancement Opportunity (FCZ16092/ PED 16196 (City Wide))

I'm writing you today in protest of the recommendation to award Outfront Media a fifteen (15) year agreement to provide digital signage to the City of Hamilton as described within the Report entitled: Digital Signage Budget Enhancement Opportunity (FCS16082/PED16196 (City Wide)).

First, I agree that the City of Hamilton should consider including digital signage on a fuller scale throughout the Region and that the revenue derived from digital signage would be advantageous and worthwhile. I further agree that safety factors have demonstrated, throughout North America, that this is a safe and responsible media. The report clearly signifies that an appropriate level of diligence has occurred in respect of the selected sites within the right of way of the City. However, what does appear to be missing is an appropriate procurement process.

Clear Channel Outdoor Company Canada, among the world's largest Out of Home Media firms responded to a RFI concerning transit, specifically to describe its' desired approach to initiating a RFP process for the requirement of transit shelters with advertising rights. Clearly, from this response Clear Channel made its interest in the City of Hamilton and its signage activities known. However, unlike the transit process, the City did not issue a RFP for the procurement of digital signage on city properties. Instead, it appears it accepted only two responses from the vendors Outfront Media and Pattison Outdoor, currently vendors working with the City. What is not clear is that these also appear to be "unsolicited" proposals.

On September 12th, Mr. MacDonald, Manager of Revenue Generation received a letter from Outfront Media's Stephen McGregor providing their unsolicited proposal to install digital signage not only on City property but also to include additional private property sites currently contracted to Outfront Media. Less than 60 days later, the City is proposing to enter into an agreement with Outfront Media for 15 years, without any formal process.

While I understand Outfront Media's desire to enter into a sole-supply relationship with the City, it is absolutely clear and evident that there are numerous companies including Clear Channel along with Pattison Outdoor, Astral Out of Home, Lamar, Dynamic Media and Cieslok that would all have interest in providing formal responses to the City of Hamilton that would, at minimum, ensure best procurement practices along with guaranteeing the City is receiving maximum revenue generation from what is essentially the leasing of its owned-lands to the private sector for revenue generation purposes. There is no reason for the City of Hamilton to enter into a sole supply agreement, especially for such a long term without observing proper and formal tendering procurement policy. As the City has already identified locations, it would be able to issue a RFP or Tender process with relative ease. The City of Ottawa went through a similar process and issued a RFP for the public properties digital program. I might further

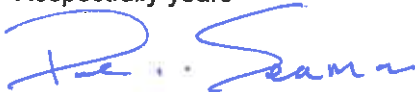
note that Ottawa entered into an agreement with Pattison Outdoor, further evidence of the competitive nature of the Out of Home industry.

Of equal concern, is that Outfront has also included private-property signage within their proposal that staff are recommending a tacit approval of without appropriate variance/sign bylaw process. These two items; signage on city property and private property signage concerns have no relationship or place within the same report.

I would respectfully request His Worship direct Council to reject this proposal and instead, instruct staff to issue a formal RFP/Tender process in order to maintain proper transparent procurement policy and to ensure that the City and its constituents receive best value.

I would be pleased to discuss this matter further and may be contacted at 416 408 0800 x 223 or by email to paulseaman@clearchannel.com

Respectfully yours



Paul C. Seaman
Vice President, Real Estate & Public Affairs

cc. Members of Council

Encl. Letter dated September 12, 2016 from Stephen McGregor, Outfront Media



City of Hamilton
71 Main Street, 1st Floor
Hamilton Ont.
L8P 4Y5

**ATTENTION: BRIAN MACDONALD
MANAGER OF REVENUE GENERATION**

Dear Mr. MacDonald,

Once more, thank you for the time you have taken for discussions with our Roy Dzeko and George Jakgi.

Further to those discussions, and to our own direct discussions, we would like to express an interest in leasing property owned by the City of Hamilton for the purpose of installing third party advertising signs; and same subject of course to final Outfront Media corporate and City of Hamilton municipal approvals as to the following business terms, and to the conclusion of a legal agreement incorporating those terms.

The proposed locations are set out in the attached spreadsheet.

As you will see, the types of signage we propose range from our standard 10 x 20' poster product to 14 x 48' digital signs, with the range of rental commensurate with the proposed use and location.

The agreement we would seek would be for a fifteen year term.

Assuming all locations were to be approved and come to fruition, the rental over term would amount to \$6,289,527.50, with payment of \$500,500.00 in the first year.

Should all locations be approved, with associated approvals and permits in place, the first year's rental as above would be paid. Adjustment would be made for any locations which might not receive a final permit approval. Outfront Media would then establish a construction time frame for the installation of the signs, with rental already paid to be applicable effective each respective installation date. Bearing in mind that there would be different installation dates for the various signs, we would draft a mechanism by which a full fifteen year term of lease was recognized for each location.

Additionally, at the option of the City, and in the case of the proposed digital signs, we would be pleased and happy if the City would use them for general public service or for specific community messaging. These signs provide, essentially, unlimited flexibility as to the numbers of different messages which can be displayed on any given day. We propose that the City of Hamilton have five percent of all time available on the signs. The City would deal directly with our office in Toronto to make related arrangements, and once it was set up, we believe you would find it a very easy process with highly useful results. The signs can display on-going municipal messaging relating to any number of on-going municipal initiatives, elections, or the like.

We should speak to the types of digital signs we propose to install.

Firstly, we should say that since their general introduction some years ago, these signs have caused a certain amount of controversy at the municipal level. This is partly due to the fact that they are, simply and after all, signs. For political and societal reasons, signs and cities have long lived an uneasy relationship.

Those opposed to signage have pointed to safety concerns. After a decade and a half of argument and independent study – including that conducted by cities and other governmental organizations – it is now generally accepted that these signs cause no more distraction than do traditional signs and are not unsafe, per se. The proof of regulatory acceptance is "in the pudding". Many, many municipal by-laws now provide for these signs and a great many cities and governmental organizations have their own, or lease properties for, such signs. Inter alia, the cities of Montreal, Toronto, and Ottawa have these signs on their lands. Similarly, digital signs are located on properties owned by Canadian National, Canadian Pacific, Metrolinx and many airports across the country. We ourselves have such signs on a number of lands belonging to the foregoing cities and entities.

Outfront Media has no interest whatsoever in being regarded as anything other than an exemplary partner. Our signs in this country, and elsewhere, operate in compliance with the regulations under which they were permitted. (Typically, we operate our signs at lower lighting levels than those provided for in a local by-law – these signs can operate quite comfortably at low levels and compatible with ambient conditions.)

If the City of Hamilton wished to move forward on this with us, we suggest the signs be governed by the following provisions:

- operation at the lowest lighting levels currently legislated in this country, those contained in the City of Ottawa Sign By-law, which are 6000 cd/m² Daytime and 220 cd/m² Nighttime. (Many digital signs you see are being operated at a multiple of these levels. That is utterly unnecessary)

- operation at a minimum dwell time of six seconds. (Dwell time is the time which an image remains fixed.)

We do hope our proposal will be of interest to the City of Hamilton and we would welcome any questions or requests for information which you may have.

Regards,



Stephen McGregor
Vice President, Real Estate

September 12 2016

We have also provided information pertaining to two properties we own in the City of Hamilton, the approvals for which are a component of this proposal.