



INFORMATION REPORT

TO: Chair and Members General Issues Committee	WARD(S) AFFECTED: WARDS 4, 5, 6, 7, 8 & 12
COMMITTEE DATE: November 20, 2013	
SUBJECT/REPORT NO: Advertising Program on Lincoln M. Alexander Parkway and Red Hill Valley Parkway (PW13080) - (Wards 4, 5, 6, 7, 8 and 12) (Outstanding Business List Item)	
SUBMITTED BY: Gerry Davis, CMA General Manager Public Works Department	PREPARED BY: Andrew Grice Manager Policy & Programs (905) 546-2424, Extension 1461
SIGNATURE:	Anne Winning Supervisor of Program Development (905) 546-2424, Extension 5521

Council Direction:

At the November 14, 2012, Council meeting the following motion was carried:

“That staff be directed to bring a report to the General Issues Committee, which explores (floral) advertising along the Red Hill Valley Parkway as well as the Lincoln M. Alexander Parkway (LINC) in order to maximize revenues”

The purpose of this Report is to update committee on the program research and the proposed strategy to incorporate Councils direction and attract interested private partners.

Background Information:

In an attempt to understand the parameters involved in a landscape advertising program for the Lincoln M. Alexander and Red Hill Valley Parkways, staff investigated the historical motions of Committee, the unsuccessful Contract C11-04-04 Proposal for Landscape Advertising Program for the Lincoln M. Alexander Parkway and the Gardiner Expressway Topiary Program administered by Hillside Media Communications in Toronto.

Internal Consultation:

Consultation over the last six months with the following divisions has been critical to the

development of the strategy. Information gathered through the internal consultation consists of the following:

- Transportation Planning, Transportation has provided the data required to discuss potential business cases with private consultants
- Tourism and Culture, Planning and Economic Development has provided critical information regarding City of Hamilton Tourism Signage and the success and revenue that it provides to the City
- Landscape Architecture Services, Corporate Assets & Strategic Planning has assisted by taking an idea and creating a conceptual plan that can be useful to the marketing component as this strategy moves forward
- Forestry & Horticulture, Environmental Services has focused on the importance of site preparation, design, construction and maintenance as well as costs involved to install the displays
- Street Lighting & Electrical Engineering, Engineering Services, has provided preliminary costs for in-ground lighting and continue to work with staff investigating the potential for solar lighting of the displays
- Preliminary discussions with Parking and By-Law Services, Planning and Economic regarding City of Hamilton Sign By-Law 10-167
- Enterprise Management and Revenue Generation, Corporate Services has provided valuable insight into the development of a City wide marketing strategy
- Financial Services, Corporate Services has provided insight into procurement options including a Revenue Generating Request for Tender
- Consultation with Ward 4 Councillor has provided further direction regarding the original motion

Staff will continue to consult with internal stakeholders during the development of a landscape advertising program.

External Consultation

The floral ads that dot the Gardiner Expressway banks in Toronto continue to be referenced at City Committee and in the news media.

The ten meter long topiary ads of FedEx, Chubb and TD Waterhouse that have become entrenched landmarks along the Gardiner Expressway for over twenty-five years are the marketing strategy of a private company. Hillside Media Communications won the option to lease the land from CN Rail twenty years ago and currently install, monitor and maintain fourteen topiaries. The embankment gateway into Toronto has a captive market, and businesses that invest have expectations of profiting anywhere from \$200,000 to \$300,000 annually from their advertisements.

Hillside Media Communications explains that the start-up cost for the landscaping program was expensive. The initial slope clean up required the removal of approximately thirty tonnes of waste. From an operating perspective companies expect prompt snow and waste removal, vigilant landscaping, and replanting when rebranding

or name changes occur. The capital cost to create each logo is typically \$60,000 while maintaining the logo is approximately \$40,000 per year plus a dedicated staff per logo during peak season.

The key to the success of this program is directly linked to traffic counts and diligent attention to detail. The marketing staff at Hillside Media Communications explained the instantaneous positive effects of the logos can abruptly turn negative should a plastic bag, browning shrubbery, or litter appear within a logo. The Gardiner Expressway program is continually in demand as it boasts upwards of 400,000 vehicles per day, including rail traffic. The branding and business case focuses on reinforcing the stature and longevity of the corporations represented.

Discussions with Hillside Media Communications revealed that they were not interested in pursuing a similar program in Hamilton. Hillside Media Communications indicated the margins to sustain a program similar to the current Gardiner Expressway model does not exist in Hamilton for their client base. The business case is based on the “eyes” that view the displays on a daily basis, and typically the Gardiner Expressway and Lakeshore Road log 400,000 vehicles per day. Hamilton’s comparable number of 90,000 on the Lincoln M. Alexander and Red Hill Valley Parkways would not provide an adequate return on investment for potential clients.

Progress:

Staff has developed the framework for landscape advertising program that includes the following key elements:

- Develop a marketable package consisting of a concept plan of a display depicting the City Logo that would show private partners display potential
- Site selection – a 100m x 20m site has been identified on the south side of the Lincoln M. Alexander Parkway between Upper Sherman Avenue and Upper Gage Avenue that could accommodate three displays
- Coordinate with Financial Services and Legal Services Divisions to develop a Revenue Generating Request for Tenders and agreement that incorporates the preliminary capital and operational costs to install and sustain the program
- Coordinate efforts with Enterprise Management and Revenue Generation of the Corporate Services Department to ensure the marketable package is complimentary to the developing City wide Marketing Strategy that will be presented to the General Issues Committee in the first quarter of 2014
- Report back to Committee with the results of the Revenue Generating Request for Tender

The existing topography of the Lincoln M. Alexander and Red Hill Valley Parkways consist of multiple access points, minimal embankment depth, rock face and elevation changes creating challenges to a sustainable landscape advertising program. Therefore, staff has focused their efforts on a small section of the Lincoln M. Alexander Parkway that is conducive to topiary displays.

During the investigation of developing a revenue source for the City that would stem from the development and maintenance of floral signage along the Lincoln M. Alexander Parkway, it became apparent the following risks needed to be recognized in pursuing the strategy:

- Driver distraction by advertising and recognizing that drivers operate in an increasingly complex visual environment continues to be a concern. A 1999 City of Toronto works department report found that the accident rate along the Gardiner Expressway is twice as high as on the Don Valley Parkway, though they share nearly identical traffic volumes. It would be negligent to not take this into consideration, and monitor the effects the floral displays might have on driving ability and accident rates
- The displays are permanent fixtures and upon installation require daily maintenance. Clients investing in the displays, have expectations that elements such as litter, browning material, snow, graffiti, virtually anything negative – would have a detrimental effect on the advertising component
- Ensuring that commercial advertising and sponsorships comply with the City Policy for Commercial Advertising and Sponsorship as well as a branding that has stature and longevity within the City that does not adversely affect public safety or the City's image or interests
- The program must be self-sustaining through a Private Public partnership for an extended period of time to be financially sound from a Corporate Strategic standpoint
- Based on previous attempts, there is the potential that no bids are received in response to the Revenue Generating Request for Tender
- The stress on City resources to develop, implement and maintain the program

Financial Information:

Staff has worked with the various stakeholders to develop preliminary cost estimates for the design, site preparation, installation, and maintenance of the displays.

The capital costs for City staff to design, prepare the site, construct/install the display for each client, similar to those discussed in this report are estimated to be \$70,000.00.

The estimated annual operating cost of each display is \$5,000.00 which includes electricity, re-planting, re-branding, and display refurbishment. In addition, the two dedicated staff and a vehicle are required to maintain grass, waste removal, garden maintenance including weeding and pruning, snow removal, and lighting maintenance for the three displays. As described by Hillside Media Communications the instantaneous positive effects of the logos can abruptly turn negative should a plastic bag, browning shrubbery, or litter appear within a logo. Dedicated staff and prompt response times are required to attract clients and sustain the program.

Next Steps

Staff plans to focus on the following steps to develop a Landscape Advertising Program on the Lincoln M. Alexander Parkway:

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- Initiate the development of a Revenue Generation Request for Tender and agreement framework in collaboration with the Financial Services and Legal Services Divisions
- Continued coordination with Environmental Services, Engineering Services, Operations, and Enterprise Management & Revenue Generation in the development of program specifics
- Initiate discussions with Parking and By-Law Division, Planning and Economic Development to amend By-Law 10-167 needs to be initiated
- Consultation with lighting contractors to investigate the possibility of solar lighting

Staff will continue to report back the General Issues Committee with progress updates as development of the landscape advertising program continues.