Agenda – Council – February 27, 2013

Report – Standing Policy Committee on Property and Development – February 19, 2013

Item No. 15 Digital Sign and Billboard Fees

STANDING COMMITTEE RECOMMENDATION:

On February 22, 2013, the Executive Policy Committee concurred in the recommendations of the Standing Policy Committee on Property and Development, and submits the following to Council:

1. That the tax rate for non-digital signs be set at $3.20 per square foot and the tax rate for digital signs be set at $27.50 per square foot.

2. That the new tax rates be subject to annual review in accordance with the City's Fees and Charges Policy.

3. That the Advertising Signs Business By-law No. 6928/96 be amended to reflect the approved tax rates effective April 1, 2013.

4. That the proper officers of the City of Winnipeg be directed to do all things necessary to implement the intent of the forgoing

Agenda – Council – February 27, 2013

Report – Standing Policy Committee on Property and Development – February 19, 2013

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 22, 2013, the Executive Policy Committee concurred in the recommendations of the Standing Policy Committee on Property and Development, and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On February 19, 2013, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

On January 15, 2013, the Standing Policy Committee on Property and Development granted an extension of time to its meeting on February 19, 2013 for the Winnipeg Public Service to report back on the matter.

COUNCIL DECISION:

On December 12, 2012, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, as amended by the Executive Policy Committee, and adopted the following:

1. That the Winnipeg Public Service be directed to prepare amendments to the Winnipeg Zoning By-Law pertaining to Advertising Signs, Electronic Message Centres signs, Electronic Message Centres as 'Advertising Signs' and Electronic Message Centres as 'Event Signs', in accordance with Appendix "A" as follows:

    A. Category 1: Sign Definitions
    B. Category 2: Billboard Sign Locations
    C. Category 3: Billboard Sign Sizes
    D. Category 4. Billboard Sign Heights
    E. Category 5: Billboard Separation from Other Land Uses
    F. Category 6: Billboard Separation Distances Between Signs

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G. Category 7: Billboard Expiry Dates
   i. with the following amendment:
      a. delete the words “5-year expiry date for all billboards” and replace with the words “8-year expiry date for all billboards”.
H. Category 8: Digital Accessory Sign Locations
I. Category 9: Digital Accessory Sign Sizes
J. Category 10: Digital Accessory Sign Heights
K. Category 11: Digital Accessory Sign Separation Between Signs
L. Category 12: All Digital Signs – Effective Operation of Public Streets
M. Category 13: All Digital Signs – Brightness

and amendments to the Planning, Development and Building Fees By-law, in accordance with Appendix “A” - Category 14: Fees.

2. That an extension of time of 180 days be granted to enable the Public Service to work further with Downtown stakeholders to prepare regulatory options pertaining to Advertising Signs, Electronic Message Centres signs, Electronic Message Centres as 'Advertising Signs’ and Electronic Message Centres as 'Event Signs' regarding the Downtown Winnipeg Zoning By-Law.

3. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management with regulatory options regarding Downtown, for review and consideration of regulatory changes.

4. That the Winnipeg Public Service be directed to consult with the industry regarding fees, and report back to the meeting of the Standing Policy Committee on Property and Development on January 15, 2013.

5. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Property and Development in 18 months with digital accessory sign statistics, to provide Council with an assessment of the proposed regulations regarding the number of signs allowed per lot, signs within Traffic Decision Locations identified by Public Works, and signs in "R" and "PR" Districts.

6. That Winnipeg Public Service be directed to undertake a review of this process and report back to Committee in three (3) years.

7. That the Proper Officers of the City of Winnipeg be directed to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: **Digital Sign and Billboard Tax Rates**

Critical Path: **Standing Policy Committee on Property and Development – Executive Policy Committee - Council**

AUTHORIZATION

Author	A/Department Head	CFO	CAO
M. Chambers	M. Chambers	Mike Ruta, CFO	D. Joshi COO

RECOMMENDATIONS

1. That the tax rate for non-digital signs be set at $3.20 per square foot and the tax rate for digital signs be set at $27.50 per square foot.

2. That the new tax rates be subject to annual review in accordance with the City's Fees and Charges Policy.

3. That the Advertising Signs Business By-law No. 6928/96 be amended to reflect the approved tax rates effective April 1, 2013.

4. That the proper officers of the City of Winnipeg be directed to do all things necessary to implement the intent of the forgoing.

REASON FOR THE REPORT

To provide Standing Policy Committee on Property and Development, Executive Policy Committee and Council with information concerning the consultation process with the industry
and the resulting new tax rates for digital signs and billboards.

IMPLICATIONS OF THE RECOMMENDATIONS

The increased tax rate for digital signs and billboards will have been determined in consideration of industry feedback and consultation.

HISTORY

At its meeting on December 12, 2012, Council considered the Digital Sign and Billboard Regulations and Fees report, and in doing so, concurred with the recommendation of the Executive Policy Committee, namely:

> "That the Winnipeg Public Service be directed to consult with the industry regarding fees, and report back to the meeting of the Standing Committee on Property and Development on January 15, 2013."

On Thursday December 13, 2012, a meeting (in person and via conference call) was held between the Assessment and Taxation Department officials and industry representatives, including: Pattison Outdoor Advertising, CBS Outdoor, BlueSky Digital and ZeroDin (invited but did not attend).

The stated purpose of the meeting was to solicit additional information/input from the industry in support of an appropriate tax rate structure. It should be noted that other fees (e.g. permit, conditional use fees, etc.) as provided for in the Winnipeg Zoning By-law relating to advertising signs were not in scope for this consultation.

As presented during their delegations before the Standing Committee on Property Development and the Executive Policy Committee, the industry was prepared to accept the idea of increased tax rates as long as such an increase reflected certain market/industry realities such as, but not limited to, financial considerations. During delegations, the industry expressed a willingness to make financial information available to the City for review on a confidential basis.

Based on a review of the research and literature available on this subject (mainly from the research conducted for and by the City of Toronto) and feedback from the local industry in Winnipeg, it would appear that an appropriate rate of tax would be based on 8% of the actual annual gross revenue generated by the advertising signs.

Under the condition of confidentiality, Pattison Outdoor Advertising and CBS Outdoor (two of the larger industry representatives) agreed to provide the City with 2011 financial information (gross revenue) relating to the Winnipeg market.

A review and detailed analysis of the financial information provided by two of the larger advertising companies has been completed. The City has also reviewed this information in consideration of the available "market" rates for both poster board and digital advertising sign. As a result, a recommended tax rate has been calculated for both non-digital and digital signs.

The following table illustrates the recommended tax rates:

Sign Type	Recommended 2013 Tax rates[1]
Non-Digital Signs	$3.20 / square foot
Digital Signs	$27.50 / square foot
Annual Revenue	$467,000

[1]The tax rates have been calculated in consideration of the 2011 financial information and includes inflationary increases (Consumer Price Index) for 2012 (as at November 2012) and 2013 (projection from the Conference Board of Canada).

To avoid an annual review of industry revenue to determine if annual changes to the tax rates are warranted, it is recommended that the new tax rates, once set, be subject to an annual review in accordance with the City's Fee and Charges Policy.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 23, 2013

Project Name:
Digital Sign and Billboard Tax Rates

First Year of Program: 2013

	2013	2014	2015	2016	2017
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	351,000	478,000	488,000	-	-
Net Cost/(Benefit)	$ (351,000)	$ (478,000)	$ (488,000)	$ -	$ -
Less: Existing Budget Amounts	(201,000)	(201,000)	(201,000)	-	-
Net Budget Adjustment Required	$ (150,000)	$ (277,000)	$ (287,000)	$ -	$ -

Additional Comments: Revenues in 2013 are based on existing inventory of 1,472 sq. ft. & 133,791 sq. ft. of digital and non-digital space respectively times the respective proposed rates of $27.50 and $3.20. The 2013 amount has been prorated assuming an April 1 effective date. Amounts for 2014 and 2015 represent revenues for the full year and have been increased by an assumed inflation factor of 2%.

Original signed by
Radhika Abeysekera, CA
Manager of Finance Campus
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

Legal Services (as to legal matters only)
Planning Property and Development

Consultation with the industry took place on December 13, 2012 involving:

Pattison Outdoor Advertising (in person)
CBS Outdoor (tele-conference)
BlueSky Digital (in person)
ZeroDin (invited but did not attend)

SUBMITTED BY

Department: Assessment and Taxation
Division: Support Services and Strategic Planning
Prepared by: Mel Chambers, Manager
Date: January 14, 2013
File No.