Minutes – Executive Policy Committee – March 18, 2015

Report – Standing Policy Committee on Property and Development – March 10, 2015

Item No. 11 Strategy and Parameters Surrounding the Use of Recurring Revenue from Signs Located within City-owned Properties and/or Rights-of-way

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That all ongoing revenue from the lease of City-owned property and/or rights-of way, on which a Tenant pays the City to be permitted to place advertising signs, be credited to the operating budget of the Municipal Accommodations Division of the Planning, Property and Development Department.

2. That the Winnipeg Public Service explore using this revenue as a source of funding for enhancing image routes.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Minutes – Executive Policy Committee – March 18, 2015

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DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

That the recommendation of the Standing Policy Committee on Property and Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On March 10, 2015, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Add the following as recommendation 2 and renumber the remaining recommendation accordingly:

    2. That the Winnipeg Public Service explore using this revenue as a source of funding for enhancing image routes.

and submitted the matter to the Executive Policy Committee and Council.

STANDING COMMITTEE RECOMMENDATION:

On February 3, 2015, the Standing Policy Committee on Property and Development granted an extension of time to its meeting on March 10, 2015, for the Winnipeg Public Service to report back on a strategy and parameters surrounding the use of future, recurring revenue from signs located within City-owned properties and/or rights-of-way.

ADMINISTRATIVE REPORT

Title: **Strategy and Parameters Surrounding the Use of Recurring Revenue from Signs Located within City-owned Properties and/or Rights-of-way**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
M. McGinn	M. Pittet	M. Ruta	M. Jack A/CAO

RECOMMENDATION(S)

1. That all ongoing revenue from the lease of City-owned property and/or rights-of way, on which a Tenant pays the City to be permitted to place advertising signs, be credited to the operating budget of the Municipal Accommodations Division of the Planning, Property and Development Department.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

At the May 27, 2014 Council meeting, the Winnipeg Public Service was directed to report back to the Standing Policy Committee on Property and Development within 180 days on a strategy and parameters surrounding the use of future, recurring revenue from signs located within City-owned properties and/or rights-of-way.

IMPLICATIONS OF THE RECOMMENDATIONS

- Revenue from the lease of City-owned property and/or rights-of way on which will be credited to the operating budget of the Municipal Accommodations Division of the Planning, Property and Development Department rather than be distributed to community groups located in the wards where the sign revenues were derived. This will be consistent with the treatment of revenues from other leased properties including that generated from other signs located within City-owned rights-of-way.

- Such revenues will offset mill rate investment otherwise required by the Municipal Accommodations Division and reduce reliance on the taxpayer.

HISTORY

On May 27, 2014, Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. *That the revenue received from the outstanding monthly fees generated from the lease of seven City-owned properties to Pattison Outdoor Advertising LP, for the purpose of erecting advertising signs, be distributed to community groups located in the wards where the sign revenues were derived, as a one-time 2014 grant as follows:*
    a. *$29,068.12 to the Osborne Village Biz, being the amount of revenue from two signs located at 30 and 219 Osborne Street;*
    b. *$26,000.00 to the Linden Woods Community Centre, being the amount of revenue from a sign located at Waverly Street and Scurfield Boulevard;*
    c. *$28,001.40 to the Downtown Biz, being the revenue from three signs located on Main Street north of Henry Avenue, Disraeli Freeway and Higgins Avenue;*
    d. *$14,166.95 to the Chalmers Community Centre, being the revenue for a sign located at Watt Street and Chalmers Avenue.*

2. *That the approval of funding be subject to each community group entering into a grant agreement with the City of Winnipeg, in consultation with the area Councillor, which outlines the purpose for which the grant will be used;*

3. *That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Property and Development within 180 days on a strategy and parameters surrounding the use of future, recurring revenue from signs located within City-owned properties and/or rights-of-way.*

4. *That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.*

Discussion

The Property Management Branch, Municipal Accommodations Division, Planning, Property and Development Department, is responsible for the management of the City's lease portfolio. Historically, property owned by the City of Winnipeg has been leased to 3rd parties for commercial and other purposes. Such properties include land, buildings, sidewalks, rights-of-way and air rights. Revenue generated from such leases is recorded in the Department's operating budget and offsets the operating costs of the Property Management Branch; operating costs, such as those related to lease documentation, administration and compliance, that would otherwise have to be funded by taxpayers.

Revenues from the lease of City-owned property and/or rights-of way on which signs are located will be recorded in the same manner as other revenues realized from the leasing of all other City-owned assets rather than distributing an equivalent amount to community groups located in the wards where the sign revenues were derived, not only is reliance on the taxpayer reduced, the risk of expectations that other types of revenue streams might be dedicated to community groups will be mitigated.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 27, 2015

Project Name: **First Year of Program** **2015**

Strategy and Parameters Surrounding the Use of Recurring Revenue from Signs Located within City-owned Properties and/or Rights-of-way

	2015	2016	2017	2018	2019
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	100,000	100,000	100,000	100,000	100,000
Net Cost/(Benefit)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)

Additional Comments: Recurring revenue from the lease of City-owned rights-of-way to private companies for the purposes of erecting advertising signage, estimated to be $100,000/annum for the purposes of this analysis, will be credited to the operating budget of the Municipal Accommodations Division of the Planning, Property and Development Department. This will result in an equivalent decrease in mill rate investment otherwise required by the Department.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance Department

Legal Services Department

SUBMITTED BY

Department: Planning, Property & Development
Division: Financial Services
Prepared by: Mike McGinn
Date: February 27, 2015
File No.

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